HIGHLIGHTS

Merger fallout prompts layoffs 1

The sluggish national advertising market and a dramatic flurry of client defections—some attributable to megamerger fallout—are prompting units of the major agency networks to trim staff. Doyle Dane Bernbach this week is expected to make the first in a series of layoffs that could affect up to 200 employes.

"Cosby" hits jackpot 1

"The Cosby Show" has broken all network series pricing records by commanding $350,000 to $400,000 for 30 seconds in the 1986-87 network upfront market, up more than 40% per spot over last season's rates.

BA books a winner 3

British Airways bookings have rebounded dramatically in the month following the debut of its "Go for it" U.S. promotion and contests. Net bookings are now coming in at a rate of 64,000 a week. In contrast, bookings plunged to a net loss of 27,000 in the week following the April 14 U.S. raid on Libya.

P&G tries whitener 4

While most of the new-product activity in the $1 billion dentifrice category centers on plaque and tartar-control toothpastes, Procter & Gamble is promoting its restaged Gleem as a teeth whitener. P&G has repackaged Gleem in a metallic-gold box with bright blue-and-orange lettering that now is being shipped to retail outlets. P&G hopes that will steal some of the thunder from Colgate-Palmolive Co.'s expected introduction this summer of a tartar-control formula.

Ad spending slow here 6

U.S. ad spending is faring a bit worse than had been predicted last year, but overseas ad spending is doing considerably better. "Continued sluggishness in the U.S. economy and a much lower than expected inflation rate" led Robert Coen, senior vp-director of forecasting at McCann-Erickson, New York, to paint a bit more pessimistic picture for U.S. spending.

History in the making 24

First, there was the U.S. Bicentennial in 1976, then the upcoming Statue of Liberty centennial. Next up, and the subject of marketing and media plans, is 1987's 200th anniversary of the U.S. Constitution. The Big 3 tv networks are among the first to jump on this next big event in U.S. history, and several other broadcasters and syndicators are boarding the bandwagon, too.

Honda simply makes it 58

American Honda Motor Co. expects its North American car sales to soar to 1 million units by 1990, but that's not all it expects. Honda's automotive car plans for the U.S. and Canada have many cards yet to be played. Among them: Rolling out the new upscale Acura division; broadening Acura's model lineup, and turning subsidiary Honda of America Manufacturing's local-assembly toehold into a complete manufacturing operation.

Edler in charge 60

When Richard Edler, former local chief of Doyle Dane Bernbach, takes over at McCann-Erickson in Los Angeles July 7, he'll inherit a shop with sagging morale, sliding profits and the distractions of a managerial merry-go-round. Known as a conciliator and low-key manager, Mr. Edler seems undaunted.

B/PAA gets creative message 69

Business-to-business advertisers attending the Business/Professional Advertising Assn.'s 64th annual conference were urged to embrace strong creative concepts to make product advertising stand out. "Good ads are directly related to a good concept, not to company logos, tag lines or design of the ad itself," said Don Just, president of Martin Agency, Richmond, Va.

BASICS

Producing production 41

Spiraling tv production costs continue to be one of the advertising industry's most aggravating problems. This month, Basics looks at how production companies work with agencies to control costs; spends a day on the set with Toronto-based Dalton/Fenske & Friends to film a tv spot for the Illinois Office of Tourism, and examines Joe Sedelmaier's creative approach to the GMAC ads.

INTERNATIONAL

Wight makes right 46

Wight Collins Rutherford Scott is now fast-growing and ambitious enough to be compared, following the U.S. acquisition of HBM/Creamer announced June 11, with the early days of Saatchi & Saatchi. But such comparisons are misleading because WCRS says it is more concerned with a reputation for quality than with ultimate size.

Levine goes abroad 46

Levine, Huntley, Schmidt & Beaver is looking for a European partner and will begin by courting France's No. 1 and No. 2 agencies—Publicis International and Belier. The agency also is looking for a link in the U.K.

OTHER NEWS

Two major marketing and media research subsidiaries of Time Inc. and Control Data Corp. plan to launch a new commercial monitoring service that will compete with the established service of Broadcast Advertiser Reports and with a proposed service from A.C. Nielsen Co. The service, named MediaWatch, will track commercial activity in the top 75 markets 365 days a year, starting early in 1987. Page 4.

As Chief Justice of the U.S., William Rehnquist would bring with him an antipathy toward advertising that Warren Burger reserved only for advertising by lawyers. Justice Rehnquist, the Supreme Court's strongest opponent of efforts to extend First Amendment protection to commercial speech, has a broad and deep distaste for advertising, a review of his voting record shows. Page 12.

Barely a month before the Statue of Liberty centennial weekend celebration, tie-in products have begun hitting the skids at closeout stores in New York. Page 24.

Texize this year will spend almost $2 million on tv and newspaper advertising to raise funds for the missing-children program at the National Crime Prevention Council. The Dow Consumer Products division credits a similar promotion last year with sparking big sales gains for its products. Page 34.

ISC Wines of California has halved its ad budget and cut its executive staff by 25% as the company suffers through an industrywide slump. ISC has let go seven middle-level managers, including its vp-marketing, as part of a merger with ERLY Industries, a bulk wine processor. Page 58.

Regardie's, the Washington-based business magazine, took five first-place awards and tied for a sixth last week in the magazine category of the Assn. of Area Business Publications' sixth annual editorial awards. Page 58.

John Walsh, new president of Warner-Lambert's American Chicle division, is a financial man who, observers say, is charged with improving the profit margin of a division that has seen little growth in the 1980s. Page 60.

Christopher McNaughton, president of Kellogg Co.'s U.S. food products division and corporate senior vp, has resigned in the wake of a reorganization that combines Kellogg's domestic and Canadian consumer food operations into a new division called Kellogg Co. North America. Page 60.

CAMPAIGNS BREAKING

McDonald's Corp., Oak Brook, Ill., this week breaks its minicampaign promoting speed-of-service. Network tv spots, themed "You get it hot, you get it fast," feature sports commentator John Madden (AA, June 2). Leo Burnett USA, Chicago, handles.

REGULAR FEATURES

ADVERTISING MARKETPLACE ... 61
ADWHIRL ... 64
AGENCY PEOPLE ... 56
BACK PAGES ... 50
BRADY ... 36
BRADY'S BUNCH ... 50
CON-SID-ERATIONS ... 17
CORRECTIONS & CLARIFICATIONS ... 6
EDITORIAL ... 17
FOR THE RECORD ... 67
FORUM ... 18
GARFIELD/-
ON THE LOOSE ... 56
LETTERS ... 20
MARKETING BY MAIL ... 36
MEDIAWORKS ... 48
NAMES IN THE NEWS ... 60
OBITUARIES ... 56
PARTING SHOT ... 39
PHOTO REVIEW ... 50
PRESSTIME ... 8
PROMOTIONAL AND
DIRECT MARKETING ... 36
REGIONAL NEWS ... 52
STREET TALK ... 66
U.S. NEWSWATCH ... 4
VIDEOTECH UPDATE ... 30
WHAT'S IN STORE ... 34
WORDS ... 38
WORLD NEWS ROUNDUP ... 3

Vol. 57, No. 37—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semiweekly the fourth week in March and the first week in September at 740 Rush Street, Chicago, Ill. 60611-2591. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, Mich. 48207. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. $1.50 a copy, $57 a year, $104 two years. Add $89 per year for air delivery to Europe & Middle East. Add $34 for surface mail to all other foreign countries. WILLIAM STRONG, vp-circulation; JOHN HUFFMAN, fulfillment director; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, Mich. 48207 (313) 446-0494.

ABP MPA RED TAG ABC ANPA

'Times' ' are a' changin' hands

An Advertising Age roundup

The anticipated sales of two major U.S. dailies appear to prove that even newspapers on the losing end of competitive battles can command hefty prices.

At press time, an announcement was imminent on *Chicago Sun-Times* publisher Robert Page's plan to buy the No. 2 Chicago daily in a leveraged buyout from Rupert Murdoch's News America Corp. for $130 million. At the same time, William Dean Singleton and Richard Scudder were poised to buy the *Dallas Times Herald* from the Times Mirror Co. for $110 million.

The *Sun-Times* deal includes riverfront real estate in downtown Chicago. Mr. Murdoch paid $100 million to Field Enterprises for

(Continued on Page 68)

TBS eyes cable net purchase

By VERNE GAY
and JUDANN DAGNOLI

NEW YORK—Turner Broadcasting System reportedly is preparing a bid for Time Inc.'s one-third ownership of USA Network in order to turn the cable system into the much ballyhooed "superbasic cable service" featuring all original programing.

Although Time Inc. spokesmen confirmed that the company has "held discussions" with the Atlanta-based TBS, they denied that TBS has made an offer or that Time Inc. is seeking to sell its interest in USA Network. Time Inc. reportedly has been looking for several months to sell its stake

(Continued on Page 68)

West Coast news

MGM, UA look hard at WRG

The reorganization of **United Artists** and **MGM** following their repurchase by financier Kirk Kerkorian may set Wells, Rich, Greene, Los Angeles, up to lose half or all of the studio's current $25 million in billings. A UA spokesperson said MGM and UA executives are evaluating all operations as part of a plan to rejoin the two companies. UA chairman-ceo Lee Rich said last week MGM and UA, which now market their films through the combined UA/MGM

(Continued on Page 70)

GLEEM
GLEEM
WHITENS TEETH
GLEEM

Gleem's in P&G's eye

By LAURIE FREEMAN

While most of the new-product activity in the $1 billion dentifrice category centers on plaque and tartar-control toothpastes. Procter & Gamble is promoting its restaged Gleem as a teeth whitener.

Cincinnati-based P&G has repackaged Gleem in a metallic-gold box with bright blue and orange lettering that now is being shipped to retail outlets. New network tv advertising from Leo Burnett USA, Chicago, breaks in August (AA, June 23). P&G hopes that will steal some of the thunder from Colgate-Palmolive Co.'s expected introduction this summer of a tartar-control formula of its Colgate brand.

Although the estimated $7 million P&G will spend on Gleem ads pales in comparison to its estimated $35 million-to-$50 million budget for Crest Tartar-Control Formula, P&G is confident the campaign will "reaffirm Gleem's whitening superiority," said a spokeswoman.

Among whitener brands, Gleem, with a 2% share, competes with Lever Bros.' Close-up, which holds a 7% share, and Colgate's Ultra Brite, which hovers between a 1% and 2% market share. J. Walter Thompson USA, New York, is the Close-up agency; Foote, Cone & Belding, New York, handles Ultra Brite.

Powered by Crest Tartar-Control and Colgate's Dentagard, a $250 million plaque/tartar segment has been squeezed out of the $1 billion category. The new segment also includes Chaska, Minn.-based Minnetonka's Check-Up; Plax, a prebrushing rinse in the midst of an $8 million national introduction by Oral Research Laboratories, New York, and Fort Collins, Colo.-based Vipont Laboratories' Viadent toothpaste and mouth rinse.

Crest Tartar-Control leads the segment with an estimated 14.5% share, while the over-all brand has a 37.5% share.

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis, is the Check-Up agency, Ally Gargano/MCA, New York, handles Plax, and McCaffery & Ratner, New York, is Viadent's agency.#

HOW WOULD YOU LIKE TO HAVE ADVERTISING THAT'S AS GOOD AS FRAM'S?

"You can pay me now, or pay me later"

15 years ago, we created the campaign that swiftly made Fram the number-one oil filter among do-it-yourselfers.

Now, the clever creative people who came up with "Pay me now, or pay me later" are available to do the same thing for you.

If you have an oil filter, spark plug, oil, fan belt, battery, or any other automotive aftermarket product that could use a boost, call Jim Symon at 212-505-0688.

And do it now.

After all, a chance like this only comes along once every 15 years.

SYMON & HILLIARD, INC.
48 East 21st Street, New York, NY 10010

ADWATCH

Surf aims at Tide's turf

Lever brand boosts awareness

By JULIE FRANZ

Procter & Gamble's Tide should be wary: Surf's up.

Surf, Lever Bros.' new laundry detergent, sneaked into the second position for share of advertising awareness among laundry products with 4.1% in ADVERTISING AGE's May adWatch survey.

Surf had been No. 9 in April when 1.8% of consumers surveyed named that brand's advertising first.

Surf's campaign, from Ogilvy & Mather, New York, touts the product's ability to remove not only dirt but odors from clothes. Saying it provides "two kinds of clean," ads call Surf "the new detergent that removes the dirt you can see and the dirt you smell."

Lever said research conducted before the Surf introduction showed that one-third of consumers complained that their current detergent didn't fully remove odors (AA, Oct. 25, '84).

The adWatch survey measures share of first mentions for advertising of different brands in various product categories. Although a change of 2.8 percentage points or more is considered statistically significant—and Surf was up only 2.3 points—its score is still an amazing feat because it has just begun moving into national distribution. Most of Surf's advertising awareness comes from just one of the four regions adWatch tallies.

Surf grabbed half its score from the South Central region, where advertising first broke in test markets last November. Ads for Surf were named first in May by 6.6% of the consumers in that region, while P&G's Tide was named first by 26% of consumers surveyed.

Consumers in the West also began naming ads for Surf more often, with 9% to Tide's 23% of first mentions.

Tide, with its proliferating line extensions and ad themes, far and away remains the leader in top-of-mind advertising awareness in the laundry products category with 26.1% of first mentions in May. That score was unchanged from Tide's April showing. Saatchi & Saatchi Compton, New York, handles Tide.

Lever Bros.' All moved into the No. 3 spot with 3.8% of first mentions, P&G's Cheer was fourth with 2.9% and P&G's Era was fifth with 2.6% of first mentions.

AdWatch is a joint project of AD AGE and SRI Research Center, Lincoln, Neb. Ad awareness is measured by asking a nationally projectable sample of consumers to name ads, in a variety of categories, that first come to mind from all seen, heard or read in the previous

(Continued on Page 69)

n't just look dirty.
dirty, too.
Introducing SURF: The new detergent that removes the dirt you see and the dirt you smell.
Surf
New Surf removes dirt and odors for two kinds of clean

Advertising for Lever Bros.' Surf laundry detergent shot into second place in top-of-mind awareness among consumers surveyed in ADVERTISING AGE's monthly adWatch survey.

New competitor for BAR, Nielsen

Service to scan commercials

By VERNE GAY

NEW YORK—Two major marketing and media research subsidiaries of Time Inc. and Control Data Corp. plan to launch a new commercial monitoring service that will compete with the established service of Broadcast Advertiser Reports and with a proposed service from A.C. Nielsen Co.

The service, named MediaWatch, will track commercial activity in the top 75 markets 365 days a year, starting early in 1987. Cost details were not released.

MediaWatch will provide information about commercial daypart placement, budget levels, unit costs and whether specific commercials represented new products, the participants said. Also, MediaWatch plans to track how commercials actually affected product movement.

ScanAmerica, the joint venture between Control Data's Arbitron Ratings Co. unit and Time Inc.'s Selling Areas-Marketing Inc., will operate the service.

"MediaWatch is superior to any previous monitoring service as it will deliver more data that clearly are more precise, more timely and more flexible," said SAMI president Carlyle Daniel.

Like Nielsen's proposed Monitor-Plus service, which is also scheduled to start next year, MediaWatch will use a pattern recognition system. After a spot runs, a computer establishes a specific identification pattern for the specific ad. The next time the commercial runs, the computer "recognizes" and records it.

BAR, which has virtually monopolized commercial monitoring for years, immediately lashed the new service. "SAMI and Arbitron join a list of 10 companies that have come around in as many years. . .[These] companies have given up," said BAR president Jerry Grady. BAR relies on a manual method of recording commercial plays.

Separately, ScanAmerica said that in 1988 it would begin a national "single-source" measurement service.

"Single-source" relates product-purchase patterns with tv viewership patterns. Since 1985, ScanAmerica has collected such data on a limited basis in Denver.

ScanAmerica has used a people-meter device resembling the apparatus proposed by Nielsen and Audits of Great Britain. The national service will start with a sample of 5,000 households.

Some preliminary results from the Denver test revealed that, contrary to data released by Nielsen and AGB, viewing levels do not drop when a people meter replaces a diary.

Results from the ScanAmerica panel in Denver showed that households using tv are 17.1% higher when measured by a people meter than with a diary. Network affiliate ratings also were 2% higher.

With the exception of teens ages 12 to 17, the ScanAmerica people meter reported higher viewing levels than the diary in all major viewing levels.

The company attributed its results, in part, to differing "prompting" techniques between Nielsen, AGB and ScanAmerica. Nielsen and AGB have a red light on their meter boxes to remind viewers to record viewing choices; ScanAmerica's system flashes a question mark on the tv screen every 15 minutes.#

U.S. NewsWatch

Marketing news from regional centers across the country

D'Arcy names Joey Reiman's successor

ATLANTA—D'Arcy Masius Benton & Bowles has promoted B.A. Albert to senior vp-creative director from vp-group creative director, replacing Joey Reiman, who left in April (AA, March 24).

HOUSTON—**Houston Cellular Telephone Co.** intensifies its battle against GTE Mobilnet for subscribers with a radio, print and outdoor campaign themed "Clearly the best," via Fogarty & Klein.

MILLBRAE, CAL.—**U.S. Venture Partners** will open Home Express in August in Freemont. The new discount chain will sell china, home electronics and linens. Marketing Inc., Oakland, handles.

MINNEAPOLIS—**Ruhr/Paragon** June 27 purchased Roy Wallace & Associates. The independent pr shop will be renamed.

DALLAS—**Pearle Health Services'** Pearl Dental Centers this month expands its tv campaign to Milwaukee to promote its newest center. Foote, Cone & Belding, Chicago, handles.

SAN PEDRO, CAL.—**Danica of Scandinavia**, a national furniture marketer, will test in July its first direct-marketing, magazine and

(Continued on Page 52)

Coen sees U.S. ad spending slowdown

Cuts '86 growth outlook to 7.6%

By STEWART ALTER

New York—U.S. ad spending is faring a bit worse than had been predicted last year, but overseas ad spending is doing considerably better.

"Continued sluggishness in the U.S. economy and a much lower than expected inflation rate" led Robert Coen, senior vp-director of forecasting at McCann-Erickson, to paint a bit more pessimistic picture for U.S. spending, particularly national advertising.

Ad watchers can expect a small improvement in U.S. spending in 1987, however, while increases in international spending will slow down.

Speaking June 25 at his semi-annual Advertising/Media Outlook Seminar here, Mr. Coen, who last December had predicted 8% growth in total U.S. ad spending for 1986, lowered that to 7.6%, projecting a total expenditure of $101.9 billion.

Six months ago, he had forecast national advertising to be up 7.7%, but has now dropped that to 7% for a total of $57.1 billion. And local advertising, which he previously said would be up 8.5%, is now going to be up only 8.2% to $44.8 billion, he said.

While the McCann executive lowered his U.S. spending projections, he said that the 7.6% growth rate still was outpacing the growth of the economy and that it compares "favorably with most nominal GNP estimates that cluster around 5.5%."

In contrast, the overseas advertising picture needs no qualifiers. Mr. Coen expects overseas ad spending to rise 26.7% to $78.3 billion in 1986. And he predicted that worldwide ad expenditures in dollars would rise 15.1% to $180 billion. That's well ahead of his projection in December that the worldwide total would be up 8.2% to $172.6 billion.

But some of that overseas advertising growth comes from favorable exchange rates for the U.S. dollar.

"Ad spending in local currencies has been growing at a rate starting to approach double-digit levels in many countries and, when converted to dollars, a number of overseas ad budgets are showing gains of 25% to 35% over 1985 levels," he said.

Mr. Coen also made his first projections for 1987: U.S. spending will increase 8% to $110 billion, overseas spending will rise 15% to $90 billion and total worldwide spending will increase 11.1% to $200 billion.

That's still below the 8.3% gain

(Continued on Page 69)

The outlook for 1986

	Change over '85 (%)	Millions of dollars
Magazines	+ 5.0	5,410
Newspapers	+ 4.5	3,500
National Tv	+ 4.0	8,615
Spot Tv	+ 8.0	6,485
Cable Tv	+13.0	720
Radio	+ 7.5	1,830
Direct Mail	+10.0	17,050
Other National	+ 6.1	13,500
Total National	+ 7.0	57,110
Total Local	+ 8.2	44,800
Grand Total	+ 7.6	101,910

Source: Robert Coen, McCann-Erickson

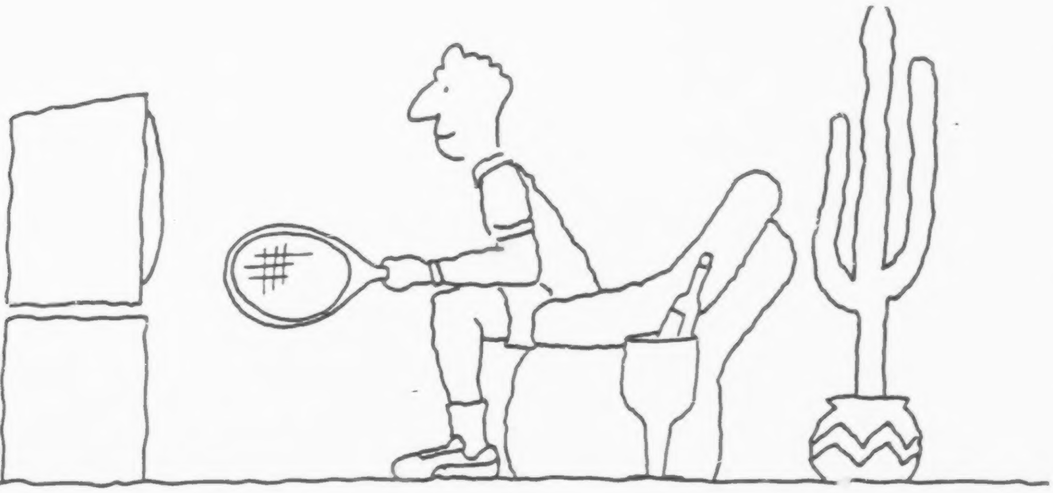
CORRECTIONS & CLARIFICATIONS

- The chart listing advertiser share projections for 1986-87 network prime time programs (AA, June 16, P. 4) should have listed a 28 share for the NBC "Monday Night at the Movies."
- Frankenberry, Laughlin & Constable, Milwaukee, won seven Addy awards at the recent American Advertising Federation convention in Chicago, while Hal Riney & Partners, San Francisco, won six. The numbers of awards for the two agencies were misstated earlier (AA, June 16, P. 22).
- J. Walter Thompson Co. has a nonequity affiliation with Nara Advertising, in Seoul, Korea, and not a "former" affiliation (AA, June 2, P. 3).
- In a photo caption (AA, June 23, P. 84), the number of stores in the Zales Jewelers chain should have been 760.
- Dalton/Fenske & Friends was misspelled on P. 41 of this issue.#

Pageant seeks new owner

New Milford, N.J.—"Miss American Teen-Ager Pageant," a 26-year-old property, is being put up for sale by Sol Abrams Associates here.

Apart from a late-night ABC-TV telecast in the 1970s, the annual pageant has been barter-syndicated to stations.#



Free. The facts on cable viewers.

Today's marketers are looking for more effective media buys. If you're considering cable, NDL has actionable facts for you.

Did you know that cable viewers are 85% more likely to have children under two years of age? You probably guessed they're strong in VCR ownership, but are they fitness enthusiasts? Or personal computer users? Are they blue collar or management?

We're offering you our national profile of cable viewers, free of charge, as our way of introducing you to NDL's 25-million-name consumer database, *The Lifestyle Census*™. It represents nearly one-third of all U.S. households, specifying fifty lifestyle and ten demographic characteristics for each household. It includes millions of cable viewers. And millions of skiers, photographers and stock-and-bond investors.

So whether you're interested in the facts about cable, on a market-by-market basis, or any combination of sixty demographic/lifestyle variables, we have the answers. Call Jeff Hastings today for your free cable viewer profile. And find out what *The Lifestyle Census*™ can do for you. Offer expires July 31, 1986.

THE LIFESTYLE CENSUS

National Demographics & Lifestyles / 1621 Eighteenth Street, Denver, Colorado 80202 / Phone 303-292-5000
Denver • New York • London

WILL JORDAN AS GENERAL PATTON

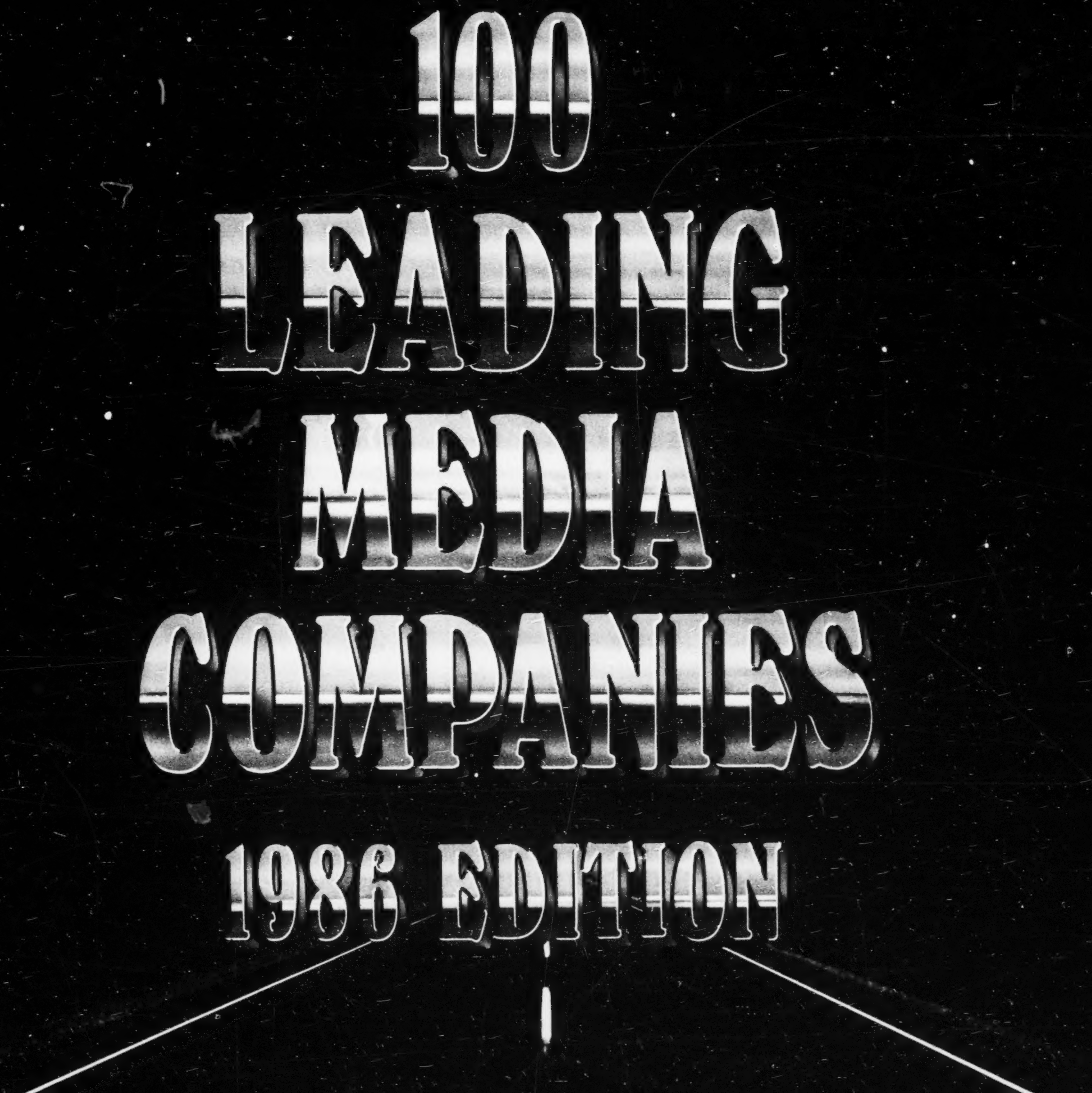
"YOU BROUGHT PATTON BACK TO LIFE! WHAT A GREAT PERFORMANCE! AN EXCELLENT CHARACTERIZATION . . . YOU TOOK COMMAND . . A PLEASURE TO WORK WITH YOU . . YOUR PROFESSIONALISM . ."

McDONALD'S
McD.L.T. MANAGERS RALLY
(THANKS LOUIS BENITO ADVTG., ROBERT J. CRAIG)
GAINESVILLE, FLA
For Info Contact Will Jordan
212-265-1652

June 30, 1986

Advertising Age

Crain Communications' Newspaper of Marketing [illegible]



100 LEADING MEDIA COMPANIES

1986 EDITION

Index

4 A.S. Abell Co
4 Ackerley Communications
6 Advance Publications
12 Affiliated Publications
12 Allbritton Communications
16 A.H. Belo Corp
16 Berkshire Hathaway
18 Blade Communications
19 John Blair & Co
20 Bonneville International Corp
22 Cahners Publishing Inc
22 Capital Cities Communications/ABC
23 CBS Inc
24 Central Newspapers
24 Chris-Craft Industries
25 Chronicle Publishing
26 Continental Cablevision
26 Copley Newspapers
27 Cowles Media
27 Cox Enterprises
28 Crain Communications
30 Dispatch Printing Co
30 Donrey Media Group
30 Dow Jones & Co
32 Dun & Bradstreet
32 Forbes Inc
32 Freedom Newspapers
34 Gannett Co
35 GFV Corp
35 Harcourt Brace Jovanovich
38 Harte-Hanks Communications
39 H&C Communications
39 Hearst Corp
39 Heritage Communications
40 Houston Chronicle Publishing
40 Howard Publications
40 Hubbard Broadcasting
41 Ingersoll Publications
42 International Data Group
42 International Thomson Holdings
43 Journal Co
43 Knapp Communications
44 Knight-Ridder Newspapers
44 Kohlberg Kravis Roberts Co
45 Landmark Communications
46 Lee Enterprises
47 LIN Broadcasting Corp
47 Maclean Hunter Communications
48 Macromedia Inc
48 McCall Publishing Co
48 McClatchy Newspapers
49 McGraw-Hill
49 Media General
50 Media News Group
50 Meredith Corp
51 Morris Communications Corp
51 Multimedia Inc
52 National Enquirer
52 National Geographic Society
53 New York Times Co
53 News America Publishing
54 Oklahoma Publishing Co
54 Outlet Communications
54 Park Communications
55 Patrick Media Group
56 Penthouse International
56 Petersen Publishing Co
56 Pittway Corp
56 Playboy Enterprises
57 Providence Journal Co
58 Pulitzer Publishing Co
58 RCA Corp
59 Reader's Digest Assn
59 RKO General
60 Rogers Cablesystems
60 Rollins Inc
60 Sammons Communications
61 Scripps Howard
62 Seattle Times Co
62 Stauffer Communications
62 Taft Broadcasting Co
63 Tele-Communications Inc
64 TeleCable Corp
64 Thomson Newspapers
66 3M
66 Time Inc
68 Times Journal Co
68 Times Mirror Co
69 Times Publishing Co
69 Triangle Publications
69 Tribune Co
72 Turner Broadcasting Co
72 United Cable Television Corp
73 U.S. News & World Report
73 Viacom International
73 Warner Communications
74 Washington Post Co
74 Westinghouse Electric Co
75 Winston Network
75 Ziff Communications Co

Media feast fuels growth

By R. CRAIG ENDICOTT

The top 100 media companies as measured by the Leading Media Companies Report of Advertising Age went to dinner in 1985 and ate each other, and if they didn't outright cannibalize the other, they picked away at the pieces.

Thirteen companies in this sixth annual report, in which media companies are ranked on the basis of their revenues from media, are either absent or newly named from the previous year, including No. 1, Capital Cities/ABC. Of the 10 new entries this year, half rose to new revenue highs through acquisition.

The business climate has been ripe for such aggressiveness: Stock typically has been undervalued, attracting megadeals with megabucks; a depressed economy has some media companies electing to take the big buyout; maintaining growth in a tight economy is difficult from within, so acquisition becomes a major recourse. Growth is needed to generate cash flow to retire the debt incurred in the buyout.

In all, among the top 100, there were 95 print transactions involving 142 properties and 113 electronic (tv, radio, cable) transactions encompassing 155 properties. The one check that has humbled the industry from calendar 1985 through the first quarter of 1986—the period covered in this report—has been a poor business climate reflected in the minimal circulation increases, at best, in the major newspapers, a virtual across-the-board decline in magazine ad pages and an abstinence from network tv of national advertisers.

This business climate is forcing media companies to become more aggressive on the sales side. The method of operation of media marketers is changing dramatically: Magazines are cutting their rate bases, launching editions to target just the cream of their subscribers and offering free pages with sizable upfront buys; cable companies are selling videocassette recorders that tape other channels as viewers watch the cable movie; the tv networks in 1985 began offering stand-alone 15-second commercials to "price-in" advertisers formerly priced-out.

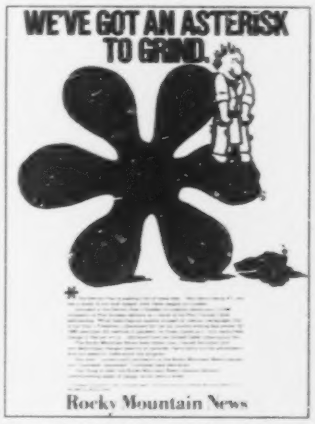
Growth among the companies, too, has been affected by government regulations prohibiting crossownership of media in the same market, because acquisitive companies must spin off newly bought media units that duplicate existing properties. Growth also has come as a result of creative responses to encroachment from new forms of competition such as vcrs.

The No. 1 media company again was ABC, although it was bought out by the 16th largest company in the 1985 report, Capital Cities Communications, to become Cap Cities/ABC. The merger percolated throughout the 100 as eight companies bought up properties cast off—primarily because of FCC cross-ownership rules. The merger signaled that all media companies were vulnerable to takeover artists.

A major beneficiary of the deal was the No. 15 Washington Post Co., which expanded into cable for the first time through the acquisition of the entire 375,000-subscriber Cap Cities Cable operation.

And a major tv network to rival the Big Three was created out of Metromedia, No. 28 in the 1985 report, which dropped from the list. Rupert Murdoch's News America Publishing, No. 21, purchased Metromedia's independent tv stations and assembled them into Fox Broadcasting Co., covering 21% of households in the nation. Additionally, 18 affiliates have flocked to Fox, a showcase for the film library of Twentieth Century-Fox, which Mr. Murdoch also bought.

The News America purchase required the sale of Metromedia's WCVB-TV in Boston, purchased by Hearst Corp., and is forcing Mr. Murdoch to sell the *New York Post* and the *Chicago Sun-Times*—papers located in cities served by the former Metromedia stations. It was Metromedia's sale of Foster & Kleiser, the outdoor advertising company, to Patrick Media Group that vaulted this fledgling Scranton, Pa., company to No. 52 on the chart.


WE'VE GOT AN ASTERISK TO GRIND.
Rocky Mountain News

Rocky Mountain News plants an asterisk on *Denver Post* ABC publishers statements it finds suspect.

Gannett Co., No. 6, got what it went after in taking over the Evening News Assn., the 40th largest media company in 1984, and the *Courier-Journal* and *Louisville Times*, the jewels of the 85th largest media company in 1985, the Courier-Journal & Louisville Times Co. Gannett, with a paper seemingly in every port, spun off much of the broadcasting in both deals, with No. 10 Knight-Ridder taking the Evening News tv units and No. 57 Providence Journal Co. getting the C-J&LT's WHAS-TV in Louisville.

The largest newspaper deal to date occurred in May, 1986, when No. 5, Times Mirror Co., bought No. 49 A.S. Abell Co., owner of Baltimore's Sunpapers.

The purchase came the day after Baltimore lost its other newspaper, the *News American*, a failing daily closed by Hearst Corp. Only one other market could vie with Baltimore in the media trauma category—Orlando, Fla., where the three network tv affiliates were sold in 1985. H&C Communications, No. 95, now owns WESH-TV (NBC), Cox Enterprises operates WFTV (ABC), and First Media Corp. of Potomac, Md., owns WCPX-TV (CBS).

The other 1985 entries did not return to the 1986 chart because of buyout activity within the chart itself: Metromedia was pieced out; Storer Communications went to No. 19 Kohlberg Kravis Roberts & Co.; Cox Communications was bought by sister company, No. 13 Cox Enterprises; American Express Co. was bought out by its partner in Warner Amex Cable, No. 35 Warner Communications. Family Media lost its big revenue generator, *Ladies' Home Journal*, to No. 32 Meredith Corp.; SFN Cos. sold WFTV, its major tv station in Orlando, to Cox Enterprises, and MTV Networks was swallowed by No. 29 Viacom International.

The buyouts have sent corporate directors scurrying for cover under an antitakeover umbrella bearing a litany of measures—all stockholders must get the same deal if a buyout should occur; additional stock is issued to dilute holdings of greenmailers and raise the value of the stock; the number of directors and the percentage required for approval of a buyout is increased, the big stock accumulators are bought off, and valuable media subsidiaries are even sold to add stability to undervalued stock—a sure sign of a pending corporate takeover.

The latter measure resulted in the divestiture by Westinghouse Corp. of Group W Cable. Despite the fact that Group W contributed handsomely to Westinghouse's 95% growth in operating income in 1985, Westinghouse sold it to a consortium led by No. 22 Tele-Communications Inc. and No. 3 Time Inc. (American Television & Communications Corp.) for $2.1 billion, using the proceeds to buy back 25 million of its shares outstanding. This will put more stock under the company's direct control and prop up its perceived value.

The private companies, which might not appear vulnerable to corporate vultures, were not free of takeover attempts. The Courier-Journal & Louisville Times Co. broke up when Bingham family members began squabbling over the direction of the company. Dissident family shareholders of the closely held No. 42 Pulitzer Publishing Co. were enticed by an offer for their stock from a nonfamily member. But a counteroffer from the entrenched side of the family actually running the company apparently has won out. Heirs of R.C. Hoiles are battling for control or dissolution of Freedom Newspapers, No. 37.

The bottom lines of these defenders-of-the-takeover suffered under the added financial burden often involved in mounting defensive tactics. Multimedia, No. 33, recapitalized by borrowing $625 million and issuing $480 million in debentures as its solution to putting off Jack Kent Cooke, Wesray Capital Corp. and Lorimar Productions (now Lorimar-Telepictures), all of which made bids for the company. Currency used by Affiliated, No. 31, in buying back 727,000 shares and paying for acquisitions in cellular telephones, will be proceeds from the sale this year of its nine radio stations, a divestiture of an entire media division.

Aside from the impact on earnings of the debt from buyouts, media companies labored under pressures caused by a weak economy in most parts of the country. Media operating in Houston found out what happens when the oil and real estate industries, the city's economic mainstays, go bust. No. 58 Houston Chronicle Publishing Co. and No. 45 Maclean Hunter Ltd., operators of the *Houston Chronicle* and *Houston Post*, respectively, reported negligible economic movement as did the radio division of No. 70 LIN Broadcasting (KILT am, fm) and the tv side of No. 27 A.H. Belo Corp. (KHOU).

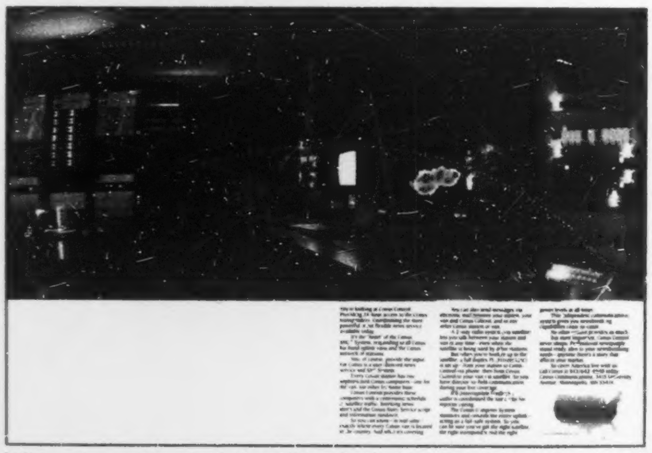
The networks particularly suffered in the national economic slowdown.

Coca-Cola
Coca-Cola
THE SOONER, THE BETTER

Naegele Outdoor helped Morris Communications, its new parent as of midyear, 1985, make a bigger splash on Advertising Age's top 100 media companies chart.

If the space program had advanced as fast as the computer industry, this might be the view from your office.
CW COMMUNICATIONS/INC.

CW Communications pegs its growth to the burgeoning computer galaxy, a hi-tech sector it covers with more than 60 publications in 25 countries.



Aiding news coverage is Hubbard Broadcasting's Conus Control, the conduit between specially equipped news vans, satellites and Conus network stations.

"Before I'll ride with a drink, I'll drive myself."

Reader's Digest Assn.'s anti-alcohol poster commissioned by Fallon McElligott went out to 16,000 high schools.

Aggregate revenues of $8.31 billion from the three networks in 1985 was down 3% from the previous year, the first such drop since 1971 when cigaret advertising was taken off the air.

The CBS Broadcast Group's operating profit dropped 12% on a 2% decline in revenues. ABC's net income fell 19% on a 10% decline in revenues—the year-to-year movement particularly affected by strong gains from the Olympics in 1984.

Only NBC showed strength, its operating income rose 53.8% on a 12% growth in revenues—results that came largely because of its strong programing that overtook CBS in prime-time ratings. It also has remained relatively strong during the prolonged sales drought that has continued into the first and second quarters of this year.

The networks have opted for the 15-second stand-alone commercial quicker than expected because of the economy. Further pressure for the tv ad dollar will come from the big "subnets"—News America's Fox Broadcasting Co., covering an estimated 21% of U.S. households through its owned and operated independent stations and not including 18 recently signed affiliates, and No. 9 Tribune Co., covering 18.6% of U.S. households.

The financial performance of the magazine sector at the New York Times Co. was typical of the magazine business in 1985. Its magazine sector suffered from a softness in national advertising and an industrywide falloff in single-copy and some subscription sales. The group posted a 2.5% decline in ad pages from 1984 and a 3.1% circulation decline. Higher rates helped push up revenues and operating income, however.

New York Times Magazine led all magazines in ad pages with 4,360, yet that was down 7.5% from the previous year, causing a decline of 1.3% in revenue from that publication. In the aggregate, ad revenues in the magazine industry in 1985 rose just 4% over-all.

Hearst Corp.'s *Good Housekeeping* led the women's service pack with 2,032 ad pages, but registered only a 1% gain in pages. Ad pages were off 0.9% at *Redbook*, 6.9% at *Woman's Day*, 9.1% at *Better Homes & Gardens* and 3.1% at *McCall's* during 1985, according to Publishers Information Bureau. *BH&G* and *Redbook* were the only women's service publications to gain in single-copy sales—by 12.1% and 20.1%—for the monitoring period through mid-1985.

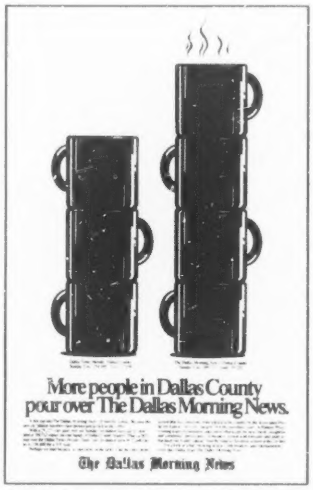
Diversification, new editions geared to a segmented portion of subscribers, rate base cutting and discounting of the rate card have captured the industry during this period.

McGraw-Hill, No. 16, which registered a 2.2% increase in net income and 6.4% growth in revenue, rapidly is diversifying into electronic publishing, a sector already rewarding No. 8 Dun & Bradstreet, which had a 22.9% increase in media revenues.

McCall's cut its rate base from 6.2 million to 5 million, reducing its ad rates by 13.6% in 1985 to keep pace in the highly competitive women's service sector, which in addition to the economy has felt the brunt of a refocusing of several R.J. Reynolds cigaret brands. *National Geographic* dropped its rate base to 8.2 million from 8.4 million and raised its color page rate by 6.4% in late 1985, a year in which the publication had an 0.2% increase in ad pages. The publication, which edged its rate base back up to 8.25 million in 1986, has lost its vitality.

In the men's entertainment segment, both *Playboy* from Playboy Enterprises, No. 65, and *Penthouse* and *Forum* from Penthouse International, No. 78, have been reeling under publicity from the Justice Department's commission on pornography and its influence on convenience store companies, including Southland Corp., some of which have banned the sale of the publications. Both publishers have sued the Justice Department.

Meanwhile, *Playboy* lost 4.9% in newsstand sales in 1985 as its ad pages dropped 2.6% on a growth of 5% in revenue. In the first six months of 1986, ad pages are off 11%. *Playboy* expanded its metropolitan editions from three to 13 cities to allow smaller advertisers to afford the magazine, which has a $60,000 national page rate.


More people in Dallas County pour over The Dallas Morning News.
The Dallas Morning News

The *Dallas Morning News* brews another "taster's choice" ad against rival, the *Dallas Times Herald*.

In a more general category, No. 56 Reader's Digest Assn. cut ad rates 3.8% and circulation rate base 8.4% to 16.25 million on Jan. 1 for the *Reader's Digest* to build back advertising. Ad revenue at the publication dropped 1.1% in 1985 on 0.4% fewer ad pages. With the restructured rate base, *Reader's Digest* gained 45 pages in the first quarter of 1986, the highest first quarter in the past five years.

Economic performance in the newspaper industry generally was geographically-related, with Florida, the Southwest and Far West showing success, with those in the Midwest and East returning flat performances.

While circulation dropped 0.2% for No. 9 Tribune Co.'s *Chicago Tribune* and 8.3% for its New York *Daily News*, Florida contributed the most to corporate growth. The *Orlando Sentinel*'s circulation grew 7.6% to 263,865, and circulation at the *Fort Lauderdale Sun-Sentinel*, increased 22% to 155,197.

The industry wrote obituaries for Hearst's *News American* in Baltimore, No. 26 Oklahoma Publishing Co.'s *Colorado Springs Sun* and No. 18 Scripps Howard's *Columbus* (O.) *Citizen-Journal*, which was folded when the joint operating agreement with the *Columbus Dispatch*, owned by No. 72 Dispatch Printing Co., was terminated the first of this year and a buyer could not be found. A JOA is being sought in Detroit by No. 10 Knight-Ridder's *Detroit Free-Press* and Gannett's newly bought *Detroit News*. Gannett and Scripps Howard also retooled existing JOAs in Knoxville and El Paso.

The newspaper market also saw a host of papers shift to morning from evening publication, including No. 42 Pulitzer Publishing Co.'s St. Louis Post-Dispatch, Scripps Howard's *Knoxville News-Sentinel* and No. 62 Lee Enterprises' *Southern Illinoisan*.

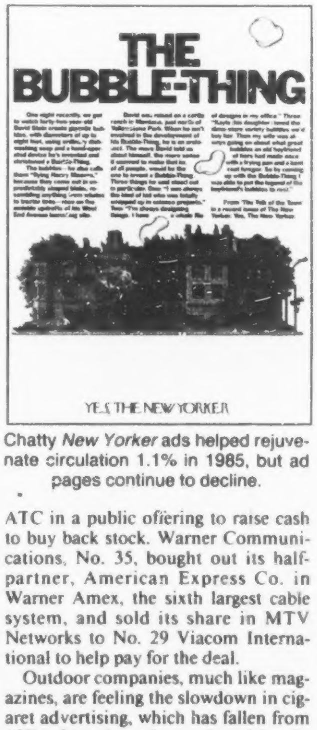
Cable companies have been forced to be an innovative media sector, because of heavy capitalization that runs up debt, fulfilling pie-in-the-sky concessions wrung out of them by franchisee cities, which they willingly accepted to get the contract, and the emergence of the vcr.

Cable industry leader, No. 22 Tele-Communications Inc., capsuled the kind of creative action taking place in the business. TCI plans local origination "super" channels in remote areas of the country where a station can cover a multistate area. Sports, movies and syndicated shows would be the fare in these areas.

TCI signed an agreement with C.O.M.B. Co., a mail order house, to create a cable tv-based merchandising service. The service allows subscribers to shop at home. Tiring of the inroads made by the vcr, TCI joined the vcr revolution by offering 24,000 vcr units at cost to subscribers in an attempt to make cable "friendlier" to vcr owners and encourage the building of film libraries. To further combat vcr competition, TCI and No. 67 United Cable Television Corp. among others are moving quickly into pay per view.

United launched a "First View Theater" package in which the customer gets movies before the movies are aired by premium cable services. Advertising, still relatively untapped as a revenue generator among multiple system operators, increasingly is propping up the bottom line. TeleCable Corp., No. 82, launched its TeleCable Targeting ad program in five markets and raised $4.5 million in ad revenues—hiking the ad revenue per subscriber from $5.50 a year to $10.26 in the test systems, well above the industry average of $7.20 per subscriber per year.

Cable companies, involved heavily in acquisitions since their inception, were themselves subject to ownership changes. Group W Cable, the third largest cable system, was sold to a consortium led by TCI and Time Inc.'s ATC, and Time Inc. is selling 20% of ATC in a public offering to raise cash to buy back stock. Warner Communications, No. 35, bought out its half-partner, American Express Co. in Warner Amex, the sixth largest cable system, and sold its share in MTV Networks to No. 29 Viacom International to help pay for the deal.



Chatty *New Yorker* ads helped rejuvenate circulation 1.1% in 1985, but ad pages continue to decline.

Outdoor companies, much like magazines, are feeling the slowdown in cigaret advertising, which has fallen from 43% of total outdoor advertising in 1980 to 31% in 1985. Alcoholic beverages have taken a similar dive, from 19% to 11% in the same period.

Winston Network, No. 92, is expanding its outdoor capabilities by developing telephone poster coverage in New York, and expanding its eight-sheet poster business to reach market segments in urban areas where zoning laws make it difficult to put up the big 30-sheet boards. Winston is going after package goods, retail and healthcare categories.#

100 leading media companies

Rank	Company	Media revenues
1	Capital Cities/ABC	$3,841.2
2	CBS Inc.	3,170.4
3	Time Inc.	2,852.0
4	RCA Corp.	2,647.5
5	Times Mirror Co.	2,171.3
6	Gannett Co.	2,152.5
7	Advance Publications	2,030.0
8	Dun & Bradstreet	1,717.7
9	Tribune Co.	1,683.5
10	Knight-Ridder Newspapers	1,678.8
11	Hearst Corp.	1,540.0
12	New York Times Co.	1,393.8
13	Cox Enterprises	1,326.0
14	Westinghouse Electric Corp.	1,069.2
15	Washington Post Co.	1,037.0
16	McGraw-Hill	1,031.0
17	Dow Jones & Co.	978.1
18	Scripps Howard	900.0
19	Kohlberg Kravis Roberts & Co.	768.4
20	Triangle Publications	720.0
21	News America Publishing	584.2
22	Tele-Communications Inc.	577.2
23	International Thomson Holdings	560.0
24	Harte-Hanks Communications	550.0
25	John Blair & Co.	549.3
26	Oklahoma Publishing Co.	410.7
27	A.H. Belo Corp.	385.1
28	Central Newspapers	384.1
29	Viacom International	376.3
30	Thomson Newspapers	373.2
31	Affiliated Publications	366.0
32	Meredith Corp.	356.2
33	Multimedia Inc.	336.3
34	Turner Broadcasting Co.	332.3
35	Warner Communications	330.9
36	Media General	330.6
37	Freedom Newspapers	325.0
38	Copley Newspapers	304.0
39	Continental Cablevision	295.0
40	Morris Communications Corp.	284.4
41	McClatchy Newspapers	275.0
42	Pulitzer Publishing Co.	272.1
43	GFV Corp.	270.0
44	Landmark Communications	259.0
45	Maclean Hunter Communications	257.5
46	Chronicle Publishing	255.0
47	Cowles Media	240.6
48	Donrey Media Group	236.7
49	A.S. Abell Co.	235.0
50	Ingersoll Publications	235.0
51	National Geographic Society	220.0
52	Patrick Media Group	219.7
53	Journal Co.	215.8
54	RKO General	213.3
55	Cahners Publishing Inc.	210.0
56	Reader's Digest Assn.	208.7
57	Providence Journal Co.	208.0
58	Houston Chronicle Publishing	206.2
59	3M	200.0
60	Taft Broadcasting Co.	189.6
61	International Data Group	185.0
62	Lee Enterprises	183.3
63	Howard Publications	177.6
64	Blade Communications	174.0
65	Playboy Enterprises	172.3
66	Seattle Times Co.	170.2
67	United Cable Television Corp.	168.9
68	Chris-Craft Industries	168.2
69	Times Publishing Co.	166.6
70	LIN Broadcasting Corp.	163.1
71	National Enquirer	159.0
72	Dispatch Printing Co.	156.3
73	McCall Publishing Co.	152.9
74	Media News Group	150.0
75	U.S. News & World Report	144.8
76	Harcourt Brace Jovanovich	137.0
77	Sammons Communications	132.2
78	Penthouse International	132.0
79	Hubbard Broadcasting	125.0
80	Ziff Communications Co.	125.0
81	Allbritton Communications	122.0
82	TeleCable Corp.	122.0
83	Petersen Publishing Co.	121.5
84	Bonneville International Corp.	120.0
85	Macromedia Inc.	120.0
86	Rogers Cablesystems	117.7
87	Times Journal Co.	115.2
88	Outlet Communications	114.9
89	Forbes Inc.	114.6
90	Berkshire Hathaway	107.9
91	Park Communications	105.3
92	Winston Network	105.0
93	Ackerley Communications	104.4
94	Crain Communications	101.9
95	H&C Communications	101.9
96	Rollins Communications	99.9
97	Pittway Corp.	98.3
96	Stauffer Communications	96.1
99	Heritage Communications	95.9
100	Knapp Communications	93.4

NOTE: Dollars in millions

Buyouts shuffle 1985 media rankings

Top 100's media revenues of $52.7 billion grew 9.5% in 1985 in outpacing the group's aggregate growth in sales of 3.8% to $84.2 billion. Print carved the largest media pie in accounting for 54.7% of total media revenues.

RANK **49**

A.S. Abell Co.

Baltimore

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	235	195	20.5
Total sales	235	195	20.5
Net income	N/A	N/A	N/A

Sales by media	**1985**	**1984**	**% chg**
Newspaper	178	138	29.2
Magazine	2	2	53.3
Broadcast	55	56	(1.8)
Cable	—	—	—
Outdoor	—	—	—

The newspaper market in Baltimore turned topsy-turvy in late May, 1986, as Times Mirror Corp. agreed to buy A.S. Abell Co. the day after Hearst Corp. folded Abell's only competition in the city, the *Baltimore News-American*.

The acquisition for a reported $600 million in cash is for all Abell properties, which include the Baltimore *Sun* and *Evening Sun*, the NBC-affiliate WMAR-TV in Baltimore, the independent WRLH-TV in Richmond, Va., and the company's regional magazine ventures.

The purchase price for the daily, evening and Sunday newspapers is expected to run about $450 million of the total, the largest price for a newspaper to date. The previous record was the *Louisville Times & Courier Journal*, sold to Gannett Co. two weeks earlier for $300 million.

The Hearst closure of the financially troubled *News-American* the day before the announced purchase by Times Mirror, already assured the Sunpapers of continued market dominance. With that closure, the Sunpapers will pick up considerably more circulation as well as ad revenues.

The 213-year-old *News-American* had 10 successive years of circulation declines, and had dropped from a daily circulation of 200,000 in 1984 to approximately 110,000 at the time of closure. Its Sunday paper fell from 290,000 to 140,000 during the same period. It had been losing from $500,000 to $1,000,000 a month over the past few years, according to media analyst. John Morton of Lynch, Jones & Ryan, Washington.

During 1985, the Sunpapers had a strong 3.2% increase in the circulation of the *Sunday Sun*, restructured its broadcast side, including the acquisition of a uhf tv station, and pulled in two more Pulitzer Prizes.

Abell, whose media revenues climbed 20.5% from 1984 to 1985 ranking the company the 49th largest media company, nonetheless faced declining circulation in its *Evening Sun*, reflecting a now mature national trend. Los Angeles-based Times Mirror reportedly has no plans to fold the evening into the morning paper. The two have separate staffs but share the same facilities.

Abell reports revenues of $180 million in 1985 generated by A.S. Abell Publishing Co., which operates Baltimore Sunpapers, *Mid-Atlantic Country* magazine, *Ski Racing, Ski Racing International, New England Skiers Guide* and a ski tabloid newspaper. This represents a 30% increase in revenues over 1984 totals, and breaks out as $177.7 million in revenue at the newspapers and $2.3 million for magazines.

The Baltimore Sunpapers came on strong in 1985, in both circulation and advertising growth. Publishing's president and publisher, Reg Murphy, says Sunpapers carried 86% of full-run advertising linage in the Baltimore market in 1985, up from 82% in 1984. The advertising increase represented overall growth of categories, led by the daily and Sunday classifieds, Mr. Murphy says.

"We have succeeded by selling Baltimore as a marketplace. Advertisers are beginning to respond to that. We have had to convince them that Baltimore is big on its own. It's not affiliated with any other market," Mr. Murphy says.

In the circulation arena, Sunpapers showed dramatic increases, with the *Sunday Sun* circulation coming in at 427,785, according to ABC Fas-Fax for March 31, 1986, up from 414,330 in the same period in 1985.

The *Morning Sun* had circulation of 204,774, according to ABC, up from 194,426, with the *Evening Sun* dropping to 152,153 from 155,475. The *Saturday Sun* has climbed to 339,066 from 332,478 the year earlier.

Mr. Murphy links some of the circulation success of the *Sunday Sun* with the increased popularity of four zoned tabloid editions carried as part of the Sunday paper in outlying Carroll, Harford, Howard and Anne Arundel counties.

"Much of our growth is coming from the suburban areas surrounding Baltimore," Mr. Murphy says. In the first quarter of 1986, he says, advertising volume in these zoned editions was 22% ahead of 1985 figures.

During 1985, the Sunpapers were awarded two Pulitzer Prizes, the 11th and 12th in the paper's history. Graphics and editorial color were enhanced, as sections were redesigned.

"I think it has happened because we have made a much stronger distinction between the two papers. The *Morning Sun* is a stronger national newspaper, while the *Evening Sun* is more of a local product. In this market place, the differentiation was important," he says.

Since 1982, A.S. Abell Publishing has been pursuing growth through acquisition in the area of specialized publications such as *Mid-Atlantic Country* and Abell's stable of ski publications. "There are lots of niches that are not being filled by other publications," Mr. Murphy says. "We see some opportunities for growth in areas that have been overlooked." He notes the company is investigating other publishing acquisition opportunities.

The end of 198. was marked by changes at *Mid-Atlantic Country*. Effective with the January, 1986, issue, the name of the magazine was changed from *Country* and leadership of the magazine changed hands. Walter Nicklin, founder and former editor and publisher, left the magazine. He was replaced by Patricia McCarthy, general manager, and Jim Scott, editor.

"The name change clarifies our regional identity," Ms. McCarthy says. "We try to achieve the dual goal of serving the unique travel and life-style needs of people from Pennsylvania south to North Carolina." She says there has been some change in editorial direction, reflecting reader's strong interest in home and life-style sections of the magazine.

Through 1985, ad revenues were up 44% from 1984 to $1.1 million. Ad pages were up 11.4% to 558. In 1985, ad revenues were 53% of total revenues of $2.1 million.

The magazine offered a 100,000 rate base in 1985 and had a yearend circulation of 100,395, according to ABC reports. Circulation growth was aided by a yearend mail drop campaign.

Into 1986, Ms. McCarthy sees continued advertising growth, particularly in the home, furnishings and distinctive real estate categories. "We are bringing in more full-page advertisers, and more full-page color ads," she says.

During 1985, Abell's ski publishing group purchased *New England Skiers Guide*. From Poultney, Vt., the group publishes *Ski Racing, Ski Racing International*, a glossy annual directory of ski racing competitors, and *Ski Show Daily*, circulated during the March Ski trade show in Las Vegas.

In 1985, Abell Communications completed a major restructuring that began in 1984 with the sale of its six radio stations. As part of that transaction, on June 1, 1985, Abell acquired WRLH-TV, in Richmond, Va., from TVX Broadcasting Group of Virginia Beach.

According to Arnold Kleiner, president of Abell Communications, WRLH-TV, a uhf station, is the No. 1 independent station in the market. Richmond ranks as the 55th media market in areas of dominant influence as measured by Arbitron Ratings Co.

Abell Communications also owns and operates WMAR-TV, the ABC affiliate in Baltimore, the 21st ADI. Revenues at the station were enhanced by NBC's ratings surge in 1985, says Abell. The station also continued to carry away games of the Baltimore Orioles. WMAR-TV's "grandfathered status" that permits joint ownership between the stations and newspapers cannot be transferred under new ownership, so Times Mirror will either have to trade or sell the station.

Prior to Times Mirror, Abell has been owned by heirs of Arunah Shepherdson Abell, founder of the paper in 1837, and several other families who have bought into the papers over the years. The largest block of stock was held by the Abell Foundation.

MEDIA PROPERTIES

Broadcasting

TV: WMAR-TV, Baltimore; WRLH-TV, Richmond.

Magazines

Mid-Atlantic Country, New England Skiers Guide, Ski Racing, Ski Show Daily.

Newspapers (dailies)

Baltimore Sun, Baltimore Evening Sun, Baltimore Morning Sun, Sunday Sun.

Newspapers (nondailies)

Baltimore Saturday Sun, Baltimore Sunday Sun.

Reader's guide to media boxes

RANK **7**

Mediamerge Communications

Media, Pa.

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	300	200	50.0
Total sales	300	200	50.0
Net income	30	20	50.0

Sales by media	**1985**	**1984**	**% chg**
Newspaper	60	40	50.0
Magazine	60	40	50.0
Broadcast	60	40	50.0
Cable	60	40	50.0
Outdoor	60	40	50.0

Mediamerge Communications answered a questionnaire sent to the company by Ad Age in early February. If the editors had not heard from Mediamerge by late March, the company was telephoned for a response.

The company is headquartered in Media, Pa.

The company is ranked seventh in the U.S. by revenues from media properties only. Ad Age's definition of media is explained on Page S-6.

Media revenues, total revenues and net income were obtained from company annual reports and financial statements wherever possible.

Sales by media are estimated by Ad Age with the help of company sources. Publicly held companies' sales by media also are estimated in many cases.

Ad Age bases annual company profiles on interviews with company executives.

RANK **93**

Ackerley Communications

Seattle

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	104	90	15.9
Total sales	113	98	14.9
Net income	(9)	(7)	21.9

Sales by media	**1985**	**1984**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	28	20	42.4
Cable	—	—	—
Outdoor	76	70	8.6

Ackerley Communications, one of the nation's largest out-of-home media companies, is eyeing broadcast stations for acquisitions as it completes the purchase of its fourth tv station since 1983, and it remains interested in newspaper properties despite two aborted attempts to move into print in the past 18 months.

The Seattle-based company, whose media revenues increased 15.2% for the year, expects a similar 15% growth in over-all sales for 1986, according to Barry A. Ackerley, president, ceo, cfo.

The nation's 93rd largest media company derived 73% of its 1985 media revenues from outdoor and airport board operations and 27% from broadcast. The company generated $8.1 million in revenue from its Seattle SuperSonics National Basketball Assn. franchise. The basketball team, acquired in 1984, has never made money for Ackerley.

Since 1983, Ackerley has spent $95.8 million to acquire four of its current five tv stations, the latest a $13.1 million purchase of KCBA-TV in Salinas, Cal., its three radio stations and the Sonics. KCBA-TV is a Spanish-language station with four affiliated low-power tv stations from Santa Barbara to Monterey Bay, an audience equal to an ADI ranking in the top 50 markets. Ackerley also has a tv property in Bakersfield. It is reported Ackerley wants to convert the Salinas station, hooked up to the SIN Network, to English-language.

In 1985, the company completed the purchase of KVOS-TV in Bellingham, Wash., for $27.1 million, acquired from WBC Broadcasting Corp., a spinoff of Miami-based Wometco Broadcasting, and rock radio stations KSGO in Oregon City and KGON (fm) in Portland, Ore., for $6.75 million, acquired from the Des Moines Register & Tribune Co. Ackerley filed March 31 with the FCC for approval of its purchase of KCBA-TV from Sainte Broadcasting Co., Modesto, Cal.

Ackerley has purchased the rights for KSGO to broadcast University of Oregon football and basketball games starting this fall, "which we think will be very helpful" in the ratings of the solid-gold-format station, Mr. Ackerley says.

Four of the company's five tv stations are in fast-growing western markets: Colorado Springs, Colo.; Bakersfield and Salinas, Cal., and Bellevue, Wash. After spending millions updating equipment, all five have the top-rated local news and locally originated programing in their markets, according to Mr. Ackerley.

Ackerley finances its expansion through long-term debt, a strategy Mr. Ackerley says will continue. The company's debt at the end of 1985 stood at $132 million, compared with $97.5 million at the end of 1984. Although its revenues have grown rapidly, Ackerley's bottom line continues to droop. Ackerley sustained a net loss of $8.87 million in 1985, compared with losses of $7.3 million in 1984 and $769,000 in 1983.

Mr. Ackerley brushes off the year's losses and insists profits are not the true measure of his company's performance. "We're a cash flow company," he says. "We're like a cable system . . . our liquidity is good." The company's cash flow from operations hit $25.6 million in 1985, up from $24 million in 1984 and $22.3 million in 1983. Cash flow is revenue less commissions, discounts and operating expenses. The losses result largely from non-cash expenses such as amortization and depreciation.

By Mr. Ackerley's measure, the company has done well: Since 1983, gross revenues have increased 42%; net revenues have grown 43%. Continuing into 1986, Ackerley will add in the first full year of revenues from KVOS-TV and KSGO and KGON (fm), and add partial-year revenue from KCBA-TV.

Ackerley's diversification strategy targets companies that complement its advertising presence in major metropolitan markets. The $20 million acquisition of the SuperSonics, for example, ties in with Ackerley's outdoor boards, airport displays, and radio and tv stations in the Seattle area.

However, two attempts by Ackerley in the past 18 months to acquire newspapers have not been successful.

In 1985, Ackerley's $156.5 million bid to acquire the assets of the Des Moines Register & Tribune Co. fell short of Gannett's bid of $200 million. Although Gannett took the newspaper, Ackerley succeeded in picking up the two Portland-area radio stations.

Earlier this year, Ackerley dropped out of the bidding for the newspaper, radio and cable tv assets of the Tribune Publishing Co. of Tacoma, Wash., publisher of the 108,000-circulation Tacoma *News-Tribune*. McClatchy Newspapers of Sacramento and Viacom International Inc. of New York acquired the assets for a reported $205 million.

Mr. Ackerley says he still wants to buy a newspaper in the right market and at the right price, but considers broadcast a higher priority. "We have a lot of room to grow in the tv area," he says.

Mr. Ackerley, a former advertising salesman for *Better Homes & Gardens* magazine, began building his company in California, where he and some partners purchased outdoor board companies, later selling to Gannett. He moved to Seattle in 1975 and bought the Foster & Kleiser area unit from Metromedia and Obie Outdoor Advertising of Eugene, Ore. In 1976, Ackerley Communications moved into south Florida and two years later into the Boston area. The company moved into airport advertising in 1980.

Ackerley Communications is the nation's third largest outdoor advertising company, with about 11,100 signs concentrated in Seattle/Tacoma, Wash.; Portland/Salem, Ore.; Miami/Fort Lauderdale, Fla., and Boston/Worcester, Mass.

Prospects for growth through acquisition in the outdoor business are limited because there are few, if any, board companies for sale that concentrate in the top 25 ADIs. During 1985, Ackerley acquired a net of just 100 new signs. In 1985 Ackerley became a member of Outdoor Network/USA, a Gannett outdoor-buying service. As a member it pays an undisclosed commission to ON/USA for outdoor advertising arranged by the Gannett affiliate.

Although Ackerley Communications generally avoids publicity, Mr. Ackerley recently has been in an acrimonious battle with Seattle officials over changes in the Sonics' lease for the Seattle Center Coliseum, where the Sonics play home games.

Mr. Ackerley has requested the city provide 4,500 parking spaces, with revenue to go to the Sonics; give three years of free rent; share concession sales and allow the Sonics joint management of the coliseum. Without the concessions, Mr. Ackerley says he would like to build a new arena on city-donated land or build an arena outside Seattle. Ackerley could buy out of the remaining nine years of the lease for $3.1 million.

Mr. Ackerley says the lease concessions in addition to an improved win-loss ratio would make the team profitable. The Sonics had an operating loss of $1.3 million in 1985 and a loss of $793,000 in 1984.

Seattle Mayor Charles Royer labeled Mr. Ackerley's demands "extortion," and as of late June the city and team owner had not resolved their differences.

Ackerley Communications has an unusual ownership structure. The company in 1980 issued $20 million worth of junk bonds through Drexel Burnham Lambert to which were attached warrants convertible into common stock. A year ago it issued common stock in exchange for the warrants. Mr. Ackerley personally owns 90.3% of the common stock outstanding that has voting rights; the balance of the voting common is owned by about 40 individuals and corporations. Trading in the voting common, handled by Kidder Peabody, the investment banking company, occurs infrequently.

First Chicago Investment Corp., an affiliate of First of Chicago, owns 100% of an issue of non-voting common stock and four series of preferred stock.

MEDIA PROPERTIES

Broadcasting

TV: WIXT, Syracuse, N.Y.; KKTV, Colorado Springs; KGET, Bakersfield, Cal.; KVOS-TV, Bellingham, Wash.; KCBA-TV, Salinas, Cal. (pending FCC approval).
RADIO: KJR, Seattle; KSGO, KGON (fm), Portland, Ore.

Other media operations

Ackerley Communications (outdoor), Transportation Displays (airport transit signage).

OTHER OPERATIONS

Seattle SuperSonics National Basketball Assn. franchise.

RANK 7

Advance Publications

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	2,030	1,900	6.8
Total sales	N/A	2,000	N/A
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	1,350	1,250	8.0
Magazine	510	490	4.1
Broadcast	—	—	—
Cable	170	160	6.3
Outdoor	—	—	—

Parade, which showed a 23% gain in circulation and 26.1% gain in ad revenues in 1985—not all its own doing—and *The New Yorker*, which became part of Advance Publications' growing media properties, were major forces that pushed revenues up about 6.8% for the year.

New York-based Advance, the privately held company owned by the family of the late Samuel I. Newhouse, is the nation's seventh largest media company with 1985 media revenues estimated at $2.03 billion.

Advance, controlled by Mr. Newhouse's two sons, S.I. Newhouse Jr. and Donald Newhouse, does not release financial data on the company. However, growth estimates were made by applying those of the newspaper industry in general to the company's 1984 revenues based on an analysis by John Morton, newspaper industry analyst for Lynch, Jones & Ryan, Washington. Newspaper operations contribute the majority of Advance's revenues.

Storm clouds continued to hang over the Newhouse empire in 1985. The Internal Revenue Service is seeking estate taxes and penalties amounting to some $914 million from the estate of the late S.I. Newhouse. The family argues it owes only $47 million. The case has yet to be settled.

Another case involves a grand jury investigation of allegations that S.I. Newhouse Jr. illegally tried to monopolize the newspaper market in Cleveland by conspiring with industrialist Joseph Cole, owner of the *Cleveland Press*, to fold that newspaper in 1982.

Advance, which owns the *Cleveland Plain Dealer*, has been accused of paying Mr. Cole $14.5 million for the newspaper's circulation list, which normally is considered all but worthless once a paper is folded, and thereby effectively paying Mr. Cole to fold the paper, giving the *Plain Dealer* a monopoly in Cleveland. The case also has yet to reach disposition.

Newhouse, with large newspaper and magazine interests, continued to build the latter through acquisition by buying in May, 1985, the New Yorker Magazine Inc., publisher of *The New Yorker* and several other publications. Advance, which paid $165 million for New Yorker Magazine Inc., is selling some of the other properties such as Raven Press and *Horticulture*.

The New Yorker fell upon hard times in 1985 as a result of an advertising page erosion that has plagued the magazine since 1981. According to Publishers Information Bureau, the magazine had $52.7 million in ad revenue in 1985, down 12.4%, on a drop of 15% in ad pages to 2,997, its lowest total since 1945. Since 1981, ad pages have fallen 30.4% from 4,309.

Circulation at *The New Yorker*, however, is on the rise, with a total of 506,103 reported to ABC at yearend, an increase of 1.1% from a year earlier. Circulation, spurred by a $2.5 million promotion campaign, climbed to the 540,000 level in June, 1986. The magazine responded by raising its rate base to 525,000 while increasing its rates 14.8%, effective Oct. 6, 1986. This is the first increase in the circulation rate base since 1981.

Among the company's other magazines, owned via its Conde Nast Publications subsidiary, ad pages for *Bride's* decreased 5% to 1,814, but ad revenues increased 1.3% to $22.9 million, according to PIB. Circulation was up 0.2% to 342,912, according to ABC. At *Glamour*, ad pages were off 1.3% to 2,135, while ad revenues climbed 8.4% to $76.5 million. Circulation was up 0.5% to 2,300,807.

Gourmet's ad pages increased 14.7% to 1,142, while ad revenues soared 33.4% to $18.6 million. Circulation was up 49.1% to 991,026. At *Gentlemen's Quarterly*, ad pages were off 3.1% to 1,863, but ad revenues were up 10.4% to $29.5 million. Circulation fell 1.3% to 633,501. *House & Garden* increased ad pages 5.9% to 1,160 and increased ad revenues 9.2% to $20.6 million. Circulation rose 2.9% to 591,694.

Mademoiselle's ad pages were off 10.7% to 1,503, and ad revenues were off 4.5% to $34.1 million. Circulation was up 2.1% to 1,236,392. *Self* ad pages were up 2.1% to 1,182, and ad revenues were up 8.6% to $26.3 million. Circulation was up 1% to 1,077,090. *Vanity Fair* ad pages were up 28.4% to 431, and ad revenues climbed 52.7% to $6.2 million. Circulation was up a whopping 50.5% to 399,792. *Vogue* ad pages were off 6.4% to 3,246, but ad revenues were up 6.2% to $71.5 million. Circulation was off 3.2% to 1,179,339.

Parade, the Sunday newspaper distributed magazine and Advance's largest circulation publication, got considerable spillover circulation when Gannett Co. bought the old *Family Weekly* from CBS Magazines in early 1985. Gannett subsequently dubbed it *USA Weekend* and redesigned the magazine to look like its national daily newspaper, *USA Today*.

By the time the dust settled, *Parade* had been picked up by 145 new newspapers and its circulation had increased 23% to 30.8 million. Also in 1985, *Parade* benefited from the best automotive ad space order it had ever received: a 25-page order from General Motors. It ended the year with ad pages up 2.7% to 657 and ad revenues up 26.1% to $198.4 million.

Among Advance's four leading newspapers, daily circulation at the *Star-Ledger* in Newark, N.J., rose 3.9% to 452,148 and 3.2% on Sunday to 682,469. Circulation at the *Plain Dealer* was down 2.1% to 454,042 daily and stable at 549,580 on Sunday. At the *Oregonian* in Portland, daily circulation rose 8.3% to 335,162 and remained stable at 407,829 on Sunday.

The *New Orleans Times Picayune/States-Item* held steady in daily circulation at 280,889 and picked up about 8,000 on Sunday to 351,575. The *Syracuse* (N.Y.) *Post Standard* and *Herald Journal's* combined daily circulation remained steady at 186,857 as did the circulation of the Sunday *Herald American* at 232,617.

MEDIA PROPERTIES

Cable/video

MetroVision: ILLINOIS: Blue Island, Berwyn, Crestwood, Hickory Hills (90% interest), Melrose Park, Midlothian, Northlake, Palos Hills, Posen, Stickney, Tinley Park, Westhaven. INDIANA: Portage. KENTUCKY: Newport. LOUISIANA: St. John the Baptist Parish. NEBRASKA: Auburn, Crete, David City, Fairbury, Fremont, Humbolt, Lincoln, Nebraska City, Pawnee City, Seward, Superior, Table Rock, Tecumseh, York. OHIO: Green Township. TEXAS: Belton, Belmead, Beverly Hills, Greenville, Killeen, Lacey-Lakeview, Robinson, North Woodway, Temple, Waco. WISCONSIN: Lannon (90% interest), Menomonee Falls. WYOMING: Sheridan. NewChannels Corp.: ALABAMA: Anniston, Eufala, Greenville, Wetumpka. NEW YORK: Binghamton, Carthage, Cooperstown, Corning, Delhi, Fulton, Malone, Massena, Ogdensberg, Oenonta, Potsdam, Rome, Sidney, Syracuse, Troy. PENNSYLVANIA: Canonsburg, Coraopolis, Crescent Township, Moon Township, Neville Township. Vision Cable Communications: FLORIDA: Clearwater (90% interest), Kenneth City, Pinellas Park. LOUISIANA: Alexandria, Houman. NEW JERSEY: Fort Lee. NORTH CAROLINA: Albemarle, Concord, Jacksonville, Morehead City, Salisbury, Shelby, Southport, Wilmington. PENNSYLVANIA: DuBois. SOUTH CAROLINA: Darlington, Florence, Sumter.

Magazines

Conde Nast Publications: *Bride's, Glamour, Gourmet, Gentlemen's Quarterly, House & Garden, Mademoiselle, Self, Vanity Fair, Vogue.* Conde Nast Publications Ltd.—England. Les Editions Conde Nast SA—France. Edizioni Conde Nast SPA—Italy. *The New Yorker, Parade.*

Newspapers (dailies)

ALABAMA: *Birmingham News & Post-Herald, Huntsville Times, Huntsville News, Mobile Press, Mobile Register.* LOUISIANA: *New Orleans Times-Picayune/States-Item.* MASSACHUSETTS: *Springfield Republican, Springfield Union News.* MICHIGAN: Booth Newspapers—*Ann Arbor News, Bay City Times, Flint Journal, Grand Rapids Press, Jackson Citizen Patriot, Kalamazoo*

What is media?

Pinning a definition on media is a lesson in futility. As soon as a consensus is seemingly reached, "media" slips out from under those constraints.

This year, 17 of the companies on the top 100 media chart contained "communications" in their titles, a word that seems broad enough in the case of many of these companies to still identify activities that ranged far from the classical forms of media that show up in the names of most media companies: Broadcasting, newspapers, printing, publishing, cable, outdoor, news and media.

Drawing a cue from the implied idea that "communications" is more than media (but not that much more), the editors opened up their traditionalist eyes to let new forms of communications slip under the media door.

ADVERTISING AGE's definition of media in this sixth annual report has opened up to encompass total market coverage units within newspaper companies in general, and also from companies as freestanding as their inserts—in short, direct marketers.

Videodiscs, subscription-based information networks that provide everything from electronic news services to analysis of corporate returns and commodity information to farmers, specialty advertising calendars and the networking of news and information via satellite to member stations also merged into the definition.

Media, of course, continues to be cloaked in the traditional mantle in which revenues from communications vehicles are derived from advertisers or subscribers—which is the language that ruled the first few AD AGE top 100 media issues.

Still on the doorstep, but not included in ADVERTISING AGE's interpretation of media, are program production, motion pictures, syndication activities, book publishing and revenues derived by ad rep companies for sales made to non-owned broadcast stations. The classical view still dominates.

But what about those companies fixated on electronic catalogs or mass Mylar balloon floatings? Will they be the "media" of the future?

Staff for this report

- R. Craig Endicott, *profile issues editor.*
- Julie A. Doherty, *profile issues editorial assistant.*
- Kevin Brown, *assistant editor.*
- Geoffrey Shives, *art director.*
- Karen Brodsky, *production director.*
- Christopher Colletti, *graphic designer.*
- Norma Green, *copy reader.*
- Thomas Harney, *reporter/intern.*

Cover photo: Pete Turner, ©The Image Bank.
Lettering by Jeffrey Toth.

Index to charts in this report

S-8 100 leading media companies by revenue
S-10 Revenue breakout by media
100 leading media companies' revenues from newspaper, magazine, broadcast, cable and outdoor properties
S-12 Media companies by estimated newspaper revenues
Newspaper owners by total revenue in newspapers with top newspaper and its circulation
S-20 Media companies by estimated magazine revenues
Magazine owners by total revenue from magazines with top magazine and its gross advertising revenues
S-28 Media companies by estimated broadcast revenues
Broadcast leaders by revenue from tv/radio broadcast station mix
S-34 Media companies by estimated cable revenues
Cable owners by total revenue in cable and number of basic subscribers
S-38 Media companies by estimated outdoor revenues
Outdoor leaders by revenue and number of structures
S-46 How total media revenues break out by medium
S-64 Public leading media companies by return on sales
S-70 Properties bought and sold by 100 leading media companies

100 leading media cos. by revenue

Rank		Company	Headquarters	Media revenues				Total revenues		Media	Net income		
1985	1984			1985	1984	% chng	1985	1984	% chng	% total	1985	1984	% chng
1	—	Capital Cities/ABC	New York	$3,841	$3,953	(2.8)	$4,320	$4,625	(6.6)	88.9	$301	$331	(9.0)
2	2	CBS Inc.	New York	3,170	3,031	4.6	4,756	4,640	2.5	66.7	27	212	(87.1)
3	3	Time Inc.	New York	2,852	2,576	10.7	3,404	3,067	11.0	83.8	200	216	(7.4)
4	4	RCA Corp.	New York	2,648	2,371	11.7	8,972	8,671	3.5	29.5	369	341	8.2
5	5	Times Mirror Co.	Los Angeles	2,171	1,988	9.2	2,959	2,805	5.5	73.4	237	233	1.9
6	6	Gannett Co.	Rosslyn, Va.	2,153	1,915	12.4	2,209	1,960	12.7	97.4	253	224	13.1
7	7	Advance Publications	New York	2,030	1,900	6.8	N/A	2,000	N/A	N/A	N/A	N/A	N/A
8	10	Dun & Bradstreet	New York	1,718	1,459	17.8	2,772	2,397	15.6	62.0	295	256	15.2
9	9	Tribune Co.	Chicago	1,684	1,597	5.4	1,938	1,794	8.0	86.9	124	103	20.2
10	8	Knight-Ridder Newspapers	Miami	1,679	1,619	3.7	1,730	1,665	3.9	97.1	133	141	(5.8)
11	11	Hearst Corp.	New York	1,540	1,400	10.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	12	New York Times Co.	New York	1,394	1,230	13.3	1,394	1,230	13.3	100.0	116	100	16.3
13	19	Cox Enterprises	Atlanta	1,326	1,226	8.2	1,376	1,271	8.3	96.4	N/A	N/A	N/A
14	15	Westinghouse Electric Corp.	Pittsburgh	1,069	935	14.4	10,700	10,265	4.2	10.0	605	536	13.0
15	13	Washington Post Co.	Washington	1,037	984	5.4	1,079	984	9.7	96.1	102	86	18.6
16	14	McGraw-Hill	New York	1,031	964	7.0	1,491	1,402	6.4	69.1	147	144	2.2
17	17	Dow Jones & Co.	New York	978	910	7.5	1,039	966	7.6	94.1	139	129	7.4
18	18	Scripps Howard	Cincinnati	900	829	8.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	38	Kohlberg Kravis Roberts & Co.	New York	768	729	5.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	20	Triangle Publications	Radnor, Pa.	720	657	9.6	720	657	9.6	100.0	N/A	N/A	N/A
21	27	News America Publishing	New York	584	440	32.8	636	463	37.4	91.9	N/A	N/A	N/A
22	26	Tele-Communications Inc.	Denver	577	449	28.5	577	449	28.5	100.0	10	17	(42.0)
23	23	International Thomson Holdings	New York	560	550	1.8	2,292	2,256	1.6	24.4	144	127	13.4
24	25	Harte-Hanks Communications	San Antonio, Tex.	550	500	10.0	550	500	10.0	100.0	N/A	N/A	N/A
25	22	John Blair & Co.	New York	549	416	31.9	631	487	29.4	87.1	(29)	11	(377.1)
26	29	Oklahoma Publishing Co.	Oklahoma City	411	384	7.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	31	A.H. Belo Corp.	Dallas	385	354	8.8	385	354	8.8	100.0	24	29	(16.8)
28	30	Central Newspapers	Indianapolis	384	380	1.1	384	380	1.1	100.0	N/A	N/A	N/A
29	44	Viacom International	New York	376	254	48.0	444	320	38.8	93.1	37	31	21.2
30	34	Thomson Newspapers	Toronto	373	294	26.8	683	581	17.5	54.6	126	110	14.2
31	32	Affiliated Publications	Boston	366	343	6.8	367	344	6.8	99.6	31	27	13.1
32	33	Meredith Corp.	Des Moines, Ia.	356	327	8.9	475	451	5.3	75.0	43	38	12.4
33	36	Multimedia Inc.	Greenville, S.C.	336	304	10.5	336	304	10.5	100.0	22	34	(35.9)
34	45	Turner Broadcasting Co.	Atlanta	332	266	24.9	369	300	23.0	90.2	1	10	(83.0)
35	42	Warner Communications	New York	331	271	22.1	1,201	1,090	10.2	27.6	195	(586)	(133.3)
36	35	Media General	Richmond, Va.	331	295	12.1	579	548	5.6	57.1	33	40	(18.0)
37	41	Freedom Newspapers	Santa Ana, Cal.	325	295	10.2	325	295	10.2	100.0	26	26	0.0
38	37	Copley Newspapers	La Jolla, Cal.	304	280	8.6	308	285	8.1	98.7	N/A	N/A	N/A
39	51	Continental Cablevision	Boston	295	226	30.5	295	226	30.5	100.0	N/A	N/A	N/A
40	53	Morris Communications Corp.	Augusta, Ga.	284	219	29.9	284	218	30.5	100.0	N/A	N/A	N/A
41	47	McClatchy Newspapers	Sacramento, Cal.	275	255	7.8	275	255	7.8	100.0	N/A	N/A	N/A
42	46	Pulitzer Publishing Co.	St. Louis	272	243	12.2	272	243	12.2	100.0	20	15	31.6
43	48	GFV Corp.	Livonia, Mich.	270	211	28.0	270	211	28.0	100.0	N/A	N/A	N/A
44	52	Landmark Communications	Norfolk, Va.	259	225	15.1	262	229	14.4	98.9	N/A	N/A	N/A
45	43	Maclean Hunter Ltd.	Toronto	258	248	3.9	696	646	7.8	37.0	43	35	20.7
46	50	Chronicle Publishing	San Francisco	255	231	10.4	260	251	3.6	98.1	N/A	N/A	N/A
47	49	Cowles Media	Minneapolis	241	232	3.7	241	232	3.7	100.0	19	16	22.3
48	60	Donrey Media Group	Fort Smith, Ark.	237	198	19.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
49	62	A.S. Abell Co.	Baltimore	235	195	20.5	235	195	20.5	100.0	N/A	N/A	N/A
50	56	Ingersoll Publications	Lakeville, Conn.	235	207	13.5	235	207	13.5	100.0	N/A	N/A	N/A
51	55	National Geographic Society	Washington	220	213	3.3	356	327	9.1	61.7	22	17	33.3
52	—	Patrick Media Group	Scranton, Pa.	220	204	7.7	220	204	7.7	100.0	N/A	N/A	N/A
53	61	Journal Co.	Milwaukee	216	197	9.5	339	340	(0.4)	63.7	36	34	5.3
54	59	RKO General	New York	213	200	6.7	406	371	9.4	52.5	N/A	N/A	N/A
55	58	Cahners Publishing	Newton, Mass.	210	200	5.0	352	270	30.4	59.7	N/A	N/A	N/A
56	57	Reader's Digest Assn.	Pleasantville, N.Y.	209	205	1.8	1,450	1,567	(7.5)	14.4	N/A	N/A	N/A
57	65	Providence Journal Co.	Providence, R.I.	208	172	20.9	434	398	9.0	47.9	N/A	N/A	N/A
58	54	Houston Chronicle Publishing	Houston	206	217	(5.0)	206	217	(5.0)	100.0	N/A	N/A	N/A
59	—	3M	St. Paul, Minn.	200	174	14.9	7,846	7,705	1.8	2.5	N/A	N/A	N/A
60	66	Taft Broadcasting Co.	Cincinnati	190	172	10.2	375	454	(17.3)	50.5	49	39	24.4
61	80	International Data Group	Framingham, Mass.	185	138	34.1	200	160	25.0	92.5	N/A	N/A	N/A
62	64	Lee Enterprises	Davenport, Ia.	183	169	8.2	207	190	8.7	88.7	31	27	15.0
63	68	Howard Publications	Oceanside, Cal.	178	166	7.0	178	166	7.0	100.0	N/A	N/A	N/A
64	69	Blade Communications	Toledo, O.	174	158	10.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
65	67	Playboy Enterprises	Chicago	172	166	3.8	192	187	2.8	89.6	7	27	(75.5)
66	72	Seattle Times Co.	Seattle	170	150	13.5	170	150	13.5	100.0	N/A	N/A	N/A
67	78	United Cable Television Corp.	Denver	169	141	19.8	169	141	19.8	100.0	11	4	169.2
68	73	Chris-Craft Industries	New York	168	151	11.1	190	171	11.5	88.4	18	(21)	(185.5)
69	71	Times Publishing Co.	St. Petersburg, Fla.	167	152	9.8	167	152	9.8	100.0	N/A	N/A	N/A
70	75	LIN Broadcasting Corp.	New York	163	143	14.2	172	149	15.4	95.0	36	29	23.0
71	77	National Enquirer	Lantana, Fla.	159	147	8.2	159	147	8.2	100.0	N/A	N/A	N/A
72	70	Dispatch Printing Co.	Columbus, O.	156	152	2.8	156	152	2.8	100.0	N/A	N/A	N/A
73	93	McCall Publishing Co.	New York	153	129	18.8	161	145	11.1	95.2	N/A	N/A	N/A
74	—	Media News Group	Woodbury, N.J.	150	125	20.0	150	125	20.0	100.0	N/A	N/A	N/A
75	74	U.S. News & World Report	Washington	145	151	(3.8)	169	176	(3.7)	85.7	N/A	N/A	N/A
76	83	Harcourt Brace Jovanovich	Orlando, Fla.	137	119	15.1	990	755	31.1	13.8	50	34	47.1
77	88	Sammons Communications	Dallas	132	120	10.0	132	120	10.0	100.0	N/A	N/A	N/A
78	86	Penthouse International	New York	132	115	14.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A
79	—	Hubbard Broadcasting	St. Paul, Minn.	125	115	8.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
80	—	Ziff Communications Co.	New York	125	115	8.7	125	115	8.7	100.0	N/A	N/A	N/A
81	89	Allbritton Communications	Washington	122	112	8.9	122	112	8.9	100.0	N/A	N/A	N/A
82	95	TeleCable Corp.	Norfolk, Va.	122	99	23.5	122	99	23.5	100.0	N/A	N/A	N/A
83	76	Petersen Publishing Co.	Los Angeles	122	112	8.3	125	116	7.8	97.3	N/A	N/A	N/A
84	84	Bonneville International Corp.	Salt Lake City	120	119	0.8	151	151	0.0	79.5	N/A	N/A	N/A
85	91	Macromedia Inc.	Hackensack, N.J.	120	109	10.1	121	109	10.6	99.5	9	N/A	N/A
86	81	Rogers Cablesystems	Toronto	118	90	30.5	254	211	20.1	46.4	(16)	(22)	(27.1)
87	98	Times Journal Co.	Springfield, Va.	115	96	20.0	155	133	16.5	74.3	N/A	N/A	N/A
88	94	Outlet Communications	Providence, R.I.	115	105	9.4	115	105	9.4	100.0	N/A	N/A	N/A
89	92	Forbes Inc.	New York	115	109	5.1	150	134	11.9	76.4	N/A	N/A	N/A
90	—	Berkshire Hathaway	Omaha, Neb.	108	102	6.2	940	729	28.9	11.5	93	70	32.3
91	96	Park Communications	Ithaca, N.Y.	105	98	7.4	105	98	7.4	100.0	15	14	7.8
92	—	Winston Network	New York	105	95	11.0	105	95	11.0	100.0	N/A	N/A	N/A
93	100	Ackerley Communciations	Seattle	104	90	15.9	113	98	14.9	92.8	(9)	(7)	21.9
94	—	Crain Communications	Chicago	102	86	19.0	109	95	15.3	93.3	N/A	N/A	N/A
95	82	H&C Communications	Houston	102	73	38.8	102	73	38.8	100.0	N/A	N/A	N/A
96	—	Rollins Communications	Atlanta	100	86	16.8	100	86	16.8	100.0	12	10	21.2
97	87	Pittway Corp.	Northbrook, Ill.	98	101	(3.1)	548	496	10.5	17.9	N/A	N/A	N/A
98	—	Stauffer Communications	Topeka, Kan.	96	89	8.3	114	105	8.6	84.4	7	6	9.8
99	—	Heritage Communications	Des Moines	96	84	13.6	157	129	22.2	60.9	8	7	25.8
100	97	Knapp Communications	Los Angeles	93	98	(4.7)	100	111	(9.9)	93.4	N/A	N/A	N/A

NOTE: Dollars in millions

Sources: Media revenues are Advertising Age estimates. Total revenues were obtained through company sources where possible.

Revenue breakout by media

Rank		Company	Newspaper		Magazine		Broadcast		Cable		Other	
1985	1984		1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
1	--	Capital Cities/ABC	$405	$380	$210	$191	$3,094	$3,272	$132	$110	—	—
2	2	CBS Inc.	—	—	285	310	2,785	2,721	—	—	—	—
3	3	Time Inc.	—	—	1,482	1,321	—	—	1,370	1,255	—	—
4	4	RCA Corp.	—	—	—	—	2,648	2,371	—	—	—	—
5	5	Times Mirror Co.	1,620	1,472	144	140	129	125	279	252	—	—
6	6	Gannett Co.	1,680	1,483	—	—	265	233	—	—	$208	$200
7	7	Advance Publications	1,350	1,250	510	490	—	—	170	160	—	—
8	10	Dun & Bradstreet	—	—	406	380	—	—	—	—	1,312	1,079
9	9	Tribune Co.	1,357	1,275	—	—	273	237	53	40	—	—
10	8	Knight-Ridder Newspapers	1,534	1,489	—	—	65	63	—	—	80	67
11	11	Hearst Corp.	740	687	569	503	224	204	7	6	—	—
12	12	New York Times Co.	1,109	958	217	211	42	38	26	22	—	—
13	19	Cox Enterprises	644	587	—	—	261	234	421	405	—	—
14	15	Westinghouse Electric Corp.	—	—	—	—	539	495	530	490	—	—
15	13	Washington Post Co.	556	517	326	332	155	136	—	—	—	—
16	14	McGraw-Hill	—	—	676	658	83	82	—	—	272	224
17	17	Dow Jones & Co.	844	794	32	30	—	—	—	—	102	86
18	18	Scripps Howard	702	651	50	49	135	118	14	11	—	—
19	38	Kohlberg Kravis Roberts & Co.	—	—	—	—	278	285	491	444	—	—
20	20	Triangle Publications	72	68	648	589	—	—	—	—	—	—
21	27	News America Publishing	435	407	149	33	—	—	—	—	—	—
22	26	Tele-Communications Inc.	—	—	—	—	—	—	577	449	—	—
23	23	International Thomson Holdings	—	—	560	550	—	—	—	—	—	—
24	25	Harte-Hanks Communications	230	215	—	—	74	71	37	24	209	176
25	22	John Blair & Co.	—	—	—	—	99	89	—	—	450	327
26	29	Oklahoma Publishing Co.	240	229	2	2	154	141	15	12	—	—
27	31	A.H. Belo Corp.	221	—	—	—	164		—	—	—	—
28	30	Central Newspapers	383	379	—	—	—	—	2	1	—	—
29	44	Viacom International	—	—	—	—	84	71	293	184	—	—
30	34	Thomson Newspapers	373	294	—	—	—	—	—	—	—	—
31	32	Affiliated Publications	349	327	--	—	17	16	—	—	—	—
32	33	Meredith Corp.	9	9	228	210	115	104	5	4	—	—
33	36	Multimedia Inc.	109	103	—	—	153	135	74	66	—	—
34	45	Turner Broadcasting Co.	—	—	—	—	206	177	127	88	—	—
35	42	Warner Communications	—	—	35	35	—	—	296	363	—	—
36	35	Media General	253	241	11	12	42	35	25	8	—	—
37	41	Freedom Newspapers	280	250	—	—	45	45	—	—	—	—
38	37	Copley Newspapers	304	280	—	—	—	—	—	—	—	—
39	51	Continental Cablevision	—	—	—	—	—	—	295	226	—	—
40	53	Morris Communications Corp.	231	218	1	1	--	—	—	—	52	—
41	47	McClatchy Newspapers	248	214	—	—	14	12	13	13	—	—
42	46	Pulitzer Publishing Co.	181	162	—	—	91	81	—	—	—	—
43	48	GFV Corp.	—	—	—	—	—	—	—	—	270	211
44	52	Landmark Communications	217	192	—	—	36	28	6	5	—	—
45	43	Maclean Hunter Ltd.	129	138	52	47	—	—	77	63	—	—
46	50	Chronicle Publishing	129	116	—	—	93	84	33	31	—	—
47	49	Cowles Media	241	232	—	—	—	—	—	—	—	—
48	60	Donrey Media Group	192	158	—	—	28	27	8	6	9	7
49	62	A.S. Abell Co.	178	138	2	2	55	56	—	—	—	—
50	56	Ingersoll Publications	235	207	—	—	—	—	—	—	—	—
51	55	National Geographic Society	—	—	220	213	—	—	—	—	—	—
52	—	Patrick Media Group	—	—	—	—	—	—	—	—	220	204
53	61	Journal Co.	176	165	—	—	40	26	—	—	—	—
54	59	RKO General	—	—	—	—	213	200	—	—	—	—
55	58	Cahners Publishing	—	—	210	200	—	—	—	—	—	—
56	57	Reader's Digest Assn.	—	—	197	194	—	—	—	—	12	11
57	65	Providence Journal Co.	102	109	15	12	32	28	60	35	—	—
58	54	Houston Chronicle Publishing	206	217	—	—	—	—	—	—	—	—
59	—	3M	—	—	—	—	—	—	—	—	200	174
60	66	Taft Broadcasting Co.	—	—	—	—	190	172	—	—	—	—
61	80	International Data Group	—	—	185	138	—	—	—	—	—	—
62	64	Lee Enterprises	132	121	—	—	52	49	—	—	—	—
63	68	Howard Publications	147	139	—	—	18	16	13	11	—	—
64	69	Blade Communications	136	125	—	—	13	10	25	23	—	—
65	67	Playboy Enterprises	—	—	149	147	—	—	24	19	—	—
66	72	Seattle Times Co.	170	150	—	—	—	—	—	—	—	—
67	78	United Cable Television Corp.	—	—	—	—	—	—	169	141	—	—
68	73	Chris-Craft Industries	—	—	—	—	168	151	—	—	—	—
69	71	Times Publishing Co.	153	142	13	15	—	—	--	—	—	—
70	75	LIN Broadcasting Corp.	—	—	17	14	146	129	—	—	—	—
71	77	National Enquirer	159	147	—	—	—	—	—	—	—	—
72	70	Dispatch Printing Co.	118	117	2	2	36	33	—	—	—	—
73	93	McCall Publishing Co.	—	—	153	129	—	—	—	—	—	—
74	—	Media News Group	150	125	—	—	—	—	—	—	—	—
75	74	U.S. News & World Report	—	—	145	151	—	—	—	—	—	—
76	83	Harcourt Brace Jovanovich	—	—	119	103	18	16	—	—	—	—
77	88	Sammons Communications	—	—	—	—	—	—	132	120	—	—
78	86	Penthouse International	—	—	132	115	—	—	—	—	—	—
79	—	Hubbard Broadcasting	—	—	—	—	125	115	—	—	—	—
80	—	Ziff Communications Co.	—	—	125	115	—	—	—	—	—	—
81	89	Allbritton Communications	44	41	—	—	78	71	—	—	—	—
82	95	TeleCable Corp.	—	—	—	—	—	—	122	99	—	—
83	76	Petersen Publishing Co.	—	—	122	112	—	—	—	—	—	—
84	84	Bonneville International Corp.	—	—	—	—	120	119	—	—	—	—
85	91	Macromedia Inc.	98	87	—	—	22	22	—	—	—	—
86	81	Rogers Cablesystems	—	—	—	—	—	—	118	90	—	—
87	98	Times Journal Co.	115	96	—	—	—	—	—	—	—	—
88	94	Outlet Communications	—	—	—	—	115	105	—	—	—	—
89	92	Forbes Inc.	—	—	114	108	—	—	—	—	1	1
90	—	Berkshire Hathaway	108	102	—	—	—	—	—	—	—	—
91	96	Park Communications	56	51	—	—	50	47	—	—	—	—
92	—	Winston Network	—	—	—	—	—	—	—	—	105	95
93	100	Ackerley Communciations	—	—	—	—	28	20	—	—	76	—
94	—	Crain Communications	—	—	102	86	0.1	—	—	—	—	—
95	82	H&C Communications	—	—	1	1	101	73	—	—	—	—
96	—	Rollins Communications	—	—	—	—	27	24	47	39	25	23
97	87	Pittway Corp.	—	—	98	101	—	—	—	—	—	—
98	—	Stauffer Communications	60	58	14	12	21	19	—	—	—	—
99	—	Heritage Communications	—	—	—	—	2	—	66	56	28	28
100	97	Knapp Communications	—	—	93	98	—	—	—	—	—	—

NOTE: Dollars in millions

Sources: Media revenues are Advertising Age estimates.

Gazette. Muskegon Chronicle. Saginaw News. MISSISSIPPI: *Pascagoula Press & Chronicle*. NEW JERSEY: *Jersey Journal* (Jersey City). *Newark Star-Ledger*. NEW YORK: *Staten Island Advance*. *Syracuse Herald-Journal*. *Syracuse Post-Standard*. OHIO: *Cleveland Plain Dealer*. OREGON: *Oregonian* (Portland). PENNSYLVANIA: *Harrisburg Patriot-News*.

Other media operations

Eastern Microwave (Common Carrier).

OTHER OPERATIONS

Random House Inc., Alfred A. Knopf. Ballantine Books. Vintage Books. Modern Library. Random House.

RANK

Affiliated Publications 31

Boston

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	366	343	6.8
Total sales	367	344	6.8
Net income	31	27	13.1

Sales by media	1985	1984	% chg
Newspaper	349	327	7.0
Magazine	—	—	—
Broadcast	17	16	1.8
Cable	—	-	—
Outdoor	—	—	—

Affiliated Publications boasted record sales and earnings for 1985 despite a difficult year at the *Boston Globe*, the company's lead property, and a disappointing performance by its broadcasting units.

With the resignation of Michael Janeway as *Globe* editor followed by the elevation of John Driscoll, a *Globe* editorial veteran, to the top editorial spot, and a resumption of daily circulation gains, the newspaper appears to be back on track. The situation with Affiliated Broadcasting is less clear. In March, 1986, the company put all its radio station properties up for sale.

Affiliated, ranked 31st among media companies, registered a 6.8% increase in revenues over 1984, down from the previous year's 17% gain. Operating income rose 6.8% over 1984 to $65.2 million in 1985, but again that gain was less than the previous year's 19.8% jump.

The *Globe* continues to provide the bulk of Affiliated revenues, $349.4 million in 1985, up from $326.5 million the year before. *Globe* operating income rose from $60.4 million in 1984 to $68 million in 1985, which is more than Affiliated made in total operating income. (There were income losses in "other" and "general corporate" segments.)

Advertising linage in 1985 increased 2.1% over 1984, slower than the 10.9% increase the previous year. The *Globe's* daily circulation rose to 514,097 in March 31, 1986, from 510,567 the year earlier, according to the ABC Fas-Fax report. The *Sunday Globe* circulation reached 811,149 for the same period, up from 802,891.

Affiliated Broadcasting had only a small gain, from $16.3 million in 1984 to $16.6 million in 1985, but operating income nose-dived from $3.4 million in 1984 to $683,000 in 1985. Much of that decline is being attributed to the startup costs of the two fm stations acquired by Affiliated in 1985, KHEP-FM in Phoenix and KFYE (fm) in Fresno. During 1985 the company sold four stations, WHYN (am., fm) in Springfield, Mass., and WFAS (am, fm) in White Plains, N.Y., for a combined price of $12.8 million.

In March, 1986, Affiliated put all nine radio properties up for sale. "It was not an issue of profitability. It was time to do other things," says John Giuggio, president of Affiliated Publications and the *Boston Globe*. According to reports published in the *Globe*, the sale of the stations could generate $65 million to $75 million. There is no firm plan to sell the stations either as a group or individually. "We want to try to do it quickly," Mr. Giuggio says.

The company has stated it will use a portion of its proceeds from the broadcast sale to finance the buy back of 400,000 shares of stock. The remainder of the money will be used to finance future acquisitions, particularly in the cellular telephone area where the company sees a "window of opportunity," Mr. Giuggio says. The company also is shopping for "a meaningful newspaper acquisition," he says. If successful, the *Globe* will no longer be an only child.

The company paid more than $19 million to buy back 400,000 shares of its own stock from Warren Buffett, chairman of Berkshire Hathaway and who is credited with orchestrating the merger of Capital Cities Communications and American Broadcasting Cos. In addition, the company purchased 327,000 more shares of its own stock over the past six months. Mr. Giuggio dismisses suggestions that the buy back was meant to counter any unfriendly takeover and says there were no further plans to buy back stock.

Although the company is firmly in the hand of the Taylor family and changes made last year in the way the board of directors is organized make an unfriendly takeover unlikely, the investment community is reading a poison pill strategy into a recent Affiliated plan to dilute the company's stock.

Affiliated owns 45% of McCaw Communications Co., which is not consolidated in Affiliated financial reports except for its earnings share on the equity side. McCaw is a multiple system cable tv operator and microwave common carrier concentrated primarily in the West. It suffered a net loss of $17.6 million in 1985 on operating revenues of $77.8 million, compared with an operating loss of $4.7 million in 1984 on operating revenues of $36.4 million.

McCaw, combined with Affiliated, operates 35 cable systems, up from 26 last year. Four more cable tv systems are operated by Affiliated and McCaw as a joint venture. The company also sells and services mobile telephones and pagers to 68,300 customers in eight western states. In January, 1986, McCaw signed an agreement to purchase interest in 12 cellular partnerships owned by MCI Communications Corp. The $120.1 million price tag also includes MCI's paging systems.

In November, Affiliated ended its involvement in the Knight-Ridder Viewtron system being tested in Florida. The company had wanted to expand the system to New England but the Florida test was disappointing. Videotex remains attractive to Affiliated. The company will continue to monitor developments in that area.

Among nonmedia activities, Affiliated purchased a small book publishing concern, Auburn Press, adding it to its Globe Pequot Press property. Other than newspapers and broadcast, book publishing is Affiliated's only other business segment, contributing $1.3 million in revenues in 1985, up 23% from 1984. It suffered a loss of $166,000 in 1985 compared with a loss of $232,000 in 1984. Book publishing will remain a tiny segment of the company's business, Mr. Giuggio says.

The *Globe* was victorious in its defense of a libel suit filed by gubernatorial candidate John Lakian and stemming from the newspaper's coverage of his campaign. Another libel suit brought by former Massachusetts Gov. Edward King has been dismissed recently by the court.

The resignation of Michael Janeway as top editor at the *Globe* and his short tenure there was traumatic, Mr. Giuggio says, but it is a small issue in the over-all scheme at Affiliated. John Driscoll appears to have quickly established a firm hand in the editorial room, something Mr. Janeway was suspected of lacking in a newsroom that had been ruled for two decades by Thomas Winship, who retired two years ago.

Mr. Giuggio also gained the vice chairmanship of the Globe Newspaper Co. subsidiary to add to his Affiliated level post as president/coo. Richard C. Ockerbloom, exec vp/general manager at Globe Newspaper, moved up to president/coo.

MEDIA PROPERTIES

Broadcasting

RADIO: KAMJ (fm), Phoenix; KHEP-FM, Pheonix; KFYE (fm) Fresno, Cal.; KRAK, KSKK (fm), Sacramento, Cal.; WOKV, WAIV (fm), Jacksonville, Fla.; KMPS (am, fm), Seattle.

Cable/video

SYSTEMS: (45% ownership) ALASKA: Fairbanks, Juneau, Ketchikan, Sitka. ARIZONA: Fairfield, Tucson. HAWAII: Hawaii Kai, Maui. MISSISSIPPI: Greenville. MISSOURI: Poplar Bluffs. NEW MEXICO: Clovis. NEW YORK: Syracuse. OREGON: Astoria, Baker, LaGrande, Cottage Grove, Florence, Redmond, Rogue Valley, St. Helens, Scapoose, Columbia City, The Dalles. TEXAS: Bryan/College Station, Paris, Victoria. WASHINGTON: Aberdeen, Centralia/Chehalis, Cle Elum, Hoquim, North Bend, Okanogan Valley, Walla Walla, Yakima, Yakima Valley. WYOMING: Jackson Hole.

Newspapers (dailies)

Boston Globe.

OTHER OPERATIONS

McCaw Communication's Companies (45% owned), Globe Pequot Press, Auburn Press, Cellular radio telephones.

Media companies by estimated newspaper revenues

Company	Newspaper revenues 1985	Newspaper revenues 1984	1985 media revenues	Newsp. revs % of media revs	Top newspaper by daily circulation	1986 circ. of top newsp	'86-'85 % chng
Gannett Co.	$1,680	$1,483	$2,153	78.0	*USA Today*	1,168,222	0.5
Times Mirror Co.	1,620	1,472	2,171	74.6	*Los Angeles Times*	1,088,155	1.7
Knight-Ridder Newspapers	1,534	1,489	1,679	91.3	*Detroit Free Press*	645,266	(0.2)
Tribune Co.	1,357	1,275	1,684	80.6	*New York Daily News*	1,275,268	(8.3)
Advance Publications	1,350	1,250	2,030	66.5	(Cleveland) *Plain Dealer*	454,042	(2.2)
New York Times Co.	1,109	958	1,394	79.5	*New York Times*	1,035,426	2.2
Dow Jones & Co.	844	794	978	86.3	*Wall Street Journal*	1,985,559	(0.2)
Hearst Corp.	740	687	1,540	48.1	*Los Angeles Herald Examiner*	245,291	3.3
Scripps Howard	702	651	900	77.9	*Rocky Mountain News*	320,441	(2.7)
Cox Communications	644	587	1,326	48.6	(Atlanta) *Constitution*	251,042	6.8
Washington Post Co.	556	517	1,037	53.6	*Washington Post*	781,371	1.3
News America Publishing	435	407	584	74.5	*New York Post*	751,798	(16.6)
Capital Cities Communications/ABC	405	380	3,841	10.5	*Kansas City Times*	277,051	(1.1)
Central Newspapers	383	379	384	99.6	*Arizona Republic*	331,491	1.8
Thomson Newspapers	373	294	373	100.0	(Canton, O). *Repository*	58,103	(4.0)
Affiliated Publications	349	327	366	95.5	*Boston Globe*	514,097	0.7
Copley Newspapers	304	280	304	100.0	*San Diego Union*	243,004	5.1
Freedom Newspapers	280	250	325	86.2	*Orange County* (Cal.) *Register*	300,985	3.2
Media General	253	241	331	76.6	*Tampa Tribune*	228,708	1.3
McClatchy Newspapers	248	214	275	90.2	*Sacramento Bee*	235,991	2.5
Cowles Media	241	232	241	100.0	*Minneapolis Star & Tribune*	382,499	(0.3)
Oklahoma Publishing Co.	240	229	411	58.4	(Oklahoma City) *Oklahoman*	239,404	(5.1)
Ingersoll Publications	235	207	235	100.0	*Trentonian*	67,938	1.3
Morris Communications Corp.	231	218	284	81.2	(Jacksonville) *Florida Times-Union*	162,105	0.1
Harte-Hanks Communications	230	215	550	41.8	*Corpus Christi Caller*	62,647	2.9
A.H. Belo Corp.	221	—	385	57.4	*Dallas Morning News*	390,275	5.9
Landmark Communications	217	192	259	83.8	*Norfolk Virginian-Pilot*	143,526	1.5
Houston Chronicle Publishing	206	217	206	100.0	*Houston Chronicle*	425,434	(1.8)
Donrey Media Group	192	158	237	81.2	*Las Vegas Review-Journal*	105,478	3.8
Pulitzer Publishing Co.	181	162	272	66.5	*St. Louis Post-Dispatch*	318,587	16.4
A.S. Abell Co.	178	138	235	75.6	*Baltimore Sun*	204,774	5.3
Journal Co.	176	165	216	81.6	*Milwaukee Journal*	294,502	(2.4)
Seattle Times Co.	170	150	170	100.0	*Seattle Times*	260,509	14.3
National Enquirer	159	147	159	100.0	*National Enquirer**	4,552,047	3.2
Times Publishing Co.	153	142	167	92.0	*St. Petersburg Times*	315,698	9.7
Media News Group	150	125	150	100.0	*North Jersey Herald-News*	58,055	(1.1)
Howard Publications	147	139	178	82.8	*Hammond* (Ind.) *Times*	66,327	(3.1)
Blade Communications	136	125	174	78.2	*Pittsburgh Post-Gazette*	173,482	(0.9)
Lee Enterprises	132	121	183	71.7	*Wisconsin State Journal*	77,559	0.3
Chronicle Publishing	129	116	255	50.6	*San Francisco Chronicle*	544,611	(0.1)
Maclean Hunter Communications	129	138	258	50.1	*Houston Post*	316,209	2.0
Dispatch Printing Co.	118	117	156	75.3	*Columbus Dispatch*	238,325	—
Times Journal Co.	115	96	115	100.0	Service (Times) publications	320,000	0.0
Multimedia Inc.	109	103	336	32.4	*Greenville* (S.C.) *News*	86,787	(1.3)
Berkshire Hathaway	108	102	108	100.0	*Buffalo News*	317,024	(9.2)
Providence Journal Co.	102	109	208	48.9	(Providence, R.I.) *Bulletin*	119,310	(4.8)
Macromedia Inc.	98	87	120	81.3	Bergen County (N.J.) *Record*	161,969	3.2
Triangle Publications	72	68	720	10.0	*Daily Racing Form*	107,163	39.9
Stauffer Communications	60	58	96	62.7	(Topeka) *Capital Journal*	67,079	1.2
Park Communications	56	51	105	53.0	*Lockport* (N.Y.) *Union Sun*	18,349	1.0
Allbritton Communications	44	41	122	36.1	*Trenton* (N.J.) *Times*	65,505	5.5
Meredith Corp.	9	9	356	2.5	*Hollywood* (Cal.) *Independent*	47,450	(0.1)

NOTE: Dollars in millions.

Source: Audit Bureau of Circulations Fas-Fax averages for six months ended March 31, 1986. * denotes weekly newspaper.

RANK

Allbritton Communications 81

Washington

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	122	112	8.9
Total sales	122	112	8.9
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	44	41	7.3
Magazine	—	—	—
Broadcast	78	71	9.9
Cable	—	—	—
Outdoor	—	—	—

Allbritton Communications Corp. ended 1985 the way it began, with five daily newspapers and five tv stations, but already in 1986 the privately held, Washington-based company has dispatched two of those newspapers and is believed on the prowl for media acquisitions.

In 1986, the nation's 81st largest media company already has sold the *Union City Dispatch* and the *Patterson Times*, both New Jersey dailies, to a subsidiary of Garden State Newspapers, a company partially owned by Media General. Sale price was not disclosed. Both papers were suffering at the aggressive marketing hands of the *Record* of Bergen County, N.J.

Although Allbritton would not disclose revenue or income figures, president Larry Hebert acknowledged the company's growth was "on average with industry standards," which would put its total revenues from newspapers and broadcast at about $122 million in 1985, up 9%. He emphasized the company's interest in other properties, principally newspaper and broadcast, but possibly cable as well.

"We're fairly open and are looking at everything," he says. "We sold those papers . . . because we felt the growth was in other markets . . . than northern New Jersey."

On the newspaper side, virtually all growth came from Allbritton's linchpin, the *Trenton Times*, where ad growth was about 10% and circulation growth was nearly as impressive. As of March 31, 1986, daily circulation was 65,505, up from 62,098 for the year earlier, and Sunday circulation was 84,059, up from 78,797. Those totals keep the *Times* ahead of its Ingersoll Publications' rival, the Sunday *Trentonian*, which had circulation of 64,615, up from 63,246, but behind the morning *Trentonian's* 67,939, up from 67,087 in the previous year.

Michael Moore, president of Allbritton's newspaper division, attributes much of the 1985 growth to the success of the newspaper's newly zoned editions. Within barely a year, the paper has gone from one edition to three zoned editions, with a full-service advertising, business and editorial office in Princeton, N.J. Its third zoned edition, aiming for markets south of Trenton, began April 28, and Mr. Moore already sees "encouraging trends."

Rounding out Allbritton's print triad are the *Westfield* (Mass.) *News* and the *Irwin* (Pa.) *Standard Observer*, small dailies with a combined circulation of about 21,000. Mr. Moore characterizes both as "stable little situations that operate profitably and serve their communities, but they lack great growth potential."

Classified ads at the *Times* grew about 20% last year, according to Mr. Moore, while all the dailies enjoyed classified growth of about 15%.

In broadcast, Allbritton's empire includes the same five fiefdoms: KATV, Little Rock, Ark.; KTUL-TV, Tulsa, Okla.; WCIV, Charleston, S.C.; WJLA-TV, Washington, and WSET-TV, Lynchburg, Va.

All, with occasional variation, are either first or second in their markets, according to Mr. Hebert. "We've been very pleased with our results and hope to continue our operational and financial gains."

MEDIA PROPERTIES
Broadcasting

TV: KATV, Little Rock, Ark.; KTUL-TV, Tulsa, Okla.; WCIV, Charleston, S.C.; WJLA-TV, Washington; WSET-TV, Lynchburg, Va.

Newspapers (dailies)

MASSACHUSETTS: *Westfield News*. NEW JERSEY: *Times* (Trenton). PENNSYLVANIA: *Irwin Standard Observer*.

Singing One's Praises

Belo Corp.'s WFAA-TV released its "Spirit of Texas" theme song to the public domain in 45 rpm at a Dallas supermarket chain in February, 1986. Recorded by the popular Texas band, Mason Dixon, and written by Jim Kirk, the song, featured in a music video airing on the station, embodies the interaction of WFAA-TV with the community through triumph and tragedy. The melody has been the station's theme song for two years.

RANK

A.H. Belo Corp. 27

Dallas

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	385	354	8.8
Total sales	385	354	8.8
Net income	24	29	(16.8)

Sales by media	1985	1984	% chg
Newspaper	221	—	—
Magazine	—	—	—
Broadcast	164	—	—
Cable	—	—	—
Outdoor	—	—	—

A.H. Belo Corp. characterizes 1985 as a year of "assimilation and stabilization" as it experienced the first full year of operation with the four stations acquired from Dun & Bradstreet Corp. That boiled down to a decline in operating earnings, a drop that has continued into 1986.

The Dallas-based media company, ranked 27th among the nation's media companies in 1985 based on revenues, suffered a 56% decrease in net earnings. That decrease, however, was a decline of only 16.8% in net operating earnings when excluding nonrecurring gains in 1984 of $25.5 million that elevated 1984 net earnings to $54.1 million compared with $23.8 million in 1985. The continued decline is attributed to weak broadcasting margins, especially in Houston, and to general economic conditions in Houston and Dallas.

Through the first quarter of 1986 ended March 31, Belo had net earnings of $1.6 million, down 33% from the corresponding quarter a year earlier. The drop reflects continued softness in advertising linage and local spot tv sales, increased costs associated with higher circulation and increased tv programing costs, according to Belo. Net operating revenues for the quarter were $90.2 million, up 5.3%, divided into $53.8 million in newspaper publishing, up 6.4%, and $36.4 million in broadcasting, up 4.2%.

Belo's 1985 media revenues of $385.1 million were up 8.7% over the previous year. That broke down into $221.2 million for newspapers, up 12.9%, or 57.4% of total revenues, and $163.9 million for tv and radio broadcasting, up 3.4%, or 42.6% of total revenues. Publication of the Texas Almanac accounts for 0.02% of total revenues.

Earnings from operations in 1985 were $84.5 million, down 7.2%. Of those earnings, $32.7 million or 38.7% were from newspaper publishing (down 2.2%), and $56.8 million or 67.1% were from broadcasting (down 9.4%). Earnings were reduced by corporate expense and other business activities totaling $4.9 million.

Newspaper advertising revenues, principally from the *Dallas Morning News*, totaled $191.1 million in 1985, up 13.1% from 1984, while advertising volume rose only 0.6% to 6.1 million ins. The company attributed its increased ad revenues primarily to 11% increases in ad rates in January and September, 1985.

The *News'* full-run advertising share charted by Media Records rose 1.5% in 1985 to 55.4%, represented by a 52.9% share of retail, 54.6% share of general, and 58.6% share of classified in the local market. For the second year in a row, the *News* published more full-run advertising than any other newspaper in the country, according to Media Records figures, and led the nation in classified advertising linage in 1985.

The *News* celebrated its 100th anniversary in the fall of 1985 with publication of 10 special sections, each of which focused on a 10-year segment of "100 Years with the News."

Circulation revenues in 1985 rose 8.6% to $15.1 million. The *News* increased its home delivery rate to $9 from $8 a month beginning December, 1985. During calendar 1985, the *News* widened its circulation lead over the Times Mirror-owned *Dallas Times Herald* to 146,619 copies daily and 169,130 copies Sunday.

In the ABC Fas-Fax report for the six-month period ended March 31, 1986, the News sustained its lead over the *Times Herald*, circulating 145,646 more daily copies and 173,643 more Sunday copies than the rival. The *News'* daily circulation in that report was 390,275 in 1986 vs. 368,683 in 1985 and Sunday circulation was 521,727 vs. 476,004 in 1985.

In January, 1985, Belo's new 220,000-sq.-ft. offset printing facility in Plano, Tex., began printing newspapers for distribution. About one-third of the *News* circulation is printed at the plant, along with some advance sections for the entire circulation. Belo's board approved a five-year capital spending program of $103.4 million to expand the new facility by adding four more offset presses, tripling the plant and enabling production of the entire newspaper there by 1990. The plant includes state-of-the-art offset presses, fiber optics and laser scanners for transmission of page images from the downtown plant, high-speed inserters and a computerized distribution system.

Belo's wholly owned subsidiary, Dallas-Fort Worth Suburban Newspapers Inc. (formerly News-Texan Inc.), reported 68,119 as the 1985 average daily paid circulation for its six daily suburban community newspapers. Total operating revenues of the subsidiary increased 15.7% in 1985, which Belo says was attributable to increases in ad revenue of 3.4%, circulation revenue of 17.6% and job printing of 70.2%. The group will relocate to a new central facility in Arlington, Tex., during 1986.

Belo's flagship tv station, WFAA-TV, Dallas, was first in over-all share at sign-on to sign-off, 5 p.m. news and prime time throughout 1985. Also, the station was dominant in the 10 p.m. news block. In the first quarter of 1986, WFAA-TV laid off 21 employes in a cutback attributed to "continuing flat business performance." The ABC affiliate is feeling the effects of ABC's own Nielsen ratings slump as well as the impact of video recorder penetration and soft general economic conditions, the company says.

In Houston, Belo's KHOU-TV began to register audience gains in the fall of 1985 after extensive research and programing changes. Belo says the station now is ranked No. 2 over-all in the Houston tv market. The plunge in oil prices has severely depressed the city's economic activity.

Belo's Sacramento (KXTV) and Hampton-Norfolk (WVEC-TV) properties also improved ratings and financial performance in 1985, the company says. In Tulsa, the company's KOTV continued to rank No. 2. Phillip J. Keller was named KOTV vp-general manager in September.

KZEW (fm), Dallas-Fort Worth, continued to be rated high among its target market of 18-to-34-year-old men, Belo says. In Denver, KOA ranked No. 4 in its target market, and was Denver's No. 1 am station over-all. KOAQ (fm) finished the year fifth in its target market, Belo says.

In late 1985, Belo moved some of its personnel from the *Dallas Morning News* building and from other downtown buildings into the new 17-story Belo Bldg. across the street from the *News* headquarters. Belo is a limited partner in the partnership that constructed the building. The company in January, 1986, purchased more than a block of downtown Dallas as an investment and for future development. The property is adjacent to almost four blocks the company owns between the Dallas Convention Center and Union Station along Young Street.

A portion of Belo's capital expenditures in 1985 went toward development of an electronic library at the *News*. The newspaper linked its database to that of Datatek, owned by Oklahoma Publishing Co., which made the *News* library available through DataTimes, a subscription database.

Belo completed arrangements for a $500 million, 10-year revolving line of credit with a group of eight banks led by the First National Bank of Chicago and InterFirst Bank Dallas N.A. as co-agents. The agreement, announced in late January, 1986, replaced an existing term loan for $330 million originated in 1983.

The company, which earlier had said it was interested in further expansion of its newspaper holdings, was mentioned among the media companies considering acquisition of the *Los Angeles Daily News* and the Courier-Journal and Louisville Times Co. However, it did not join in the bidding for either.

To further ensure it would not be the subject of an unwanted takeover effort, Belo, in early 1986, created a new class of preferred stock that will enable stockholders to get an equal return on their investment in the event of an attempted takeover. The previous year, Belo stockholders voted to require changes in bylaws to be approved by a two-thirds vote.

During late 1985, the *News* closed its Selective Media Services operation because the unit's profit return was determined insufficient. While experiencing increased competition from larger direct mail operations, *Newsweek*, one of the cornerstones of SMS' package, withdrew from alternative methods of distribution, leaving SMS with a much less desirable offering.

Belo spent almost $9 million for advertising during 1985, compared with 1984's advertising cost of $8.2 million and 1983's $11.2 million. The figure represents total advertising expenses incurred outside the company on behalf of the *News* and Belo's individual broadcast properties.

At the beginning of 1986, the *News* promoted Jack Freudenfeld to advertising director from display advertising director. Marvin Veal, director of classified advertising, assumed the added title of director-advertising information systems. Russell Dealey, formerly assistant to the senior vp, was named advertising services manager, succeeding Larry Kreamer, who retired. Jerry Coley, formerly an assistant retail advertising manager, was named retail sales manager.

MEDIA PROPERTIES
Broadcasting

TV: KHOU-TV, Houston; KOTV, Tulsa, Okla.; KXTV, Sacramento-Stockton, Cal.; WFAA-TV, Dallas; WVEC-TV, Hampton-Norfolk-Portsmouth-Newport, Va.
RADIO: KRQX, KZEW (fm), Dallas-Fort Worth; KOA, KOAQ (fm), Denver.

Newspapers (dailies)

Dallas Morning News. Belo's Dallas-Fort Worth Suburban Newspapers-*Arlington Daily News, Garland Daily News, Grand Prairie Daily News, Irving Daily News, Mid-Cities Daily News, Richardson Daily News.*

Newspapers (nondailies)

Belo's Dallas-Fort Worth Suburban Newspapers-*Metrocrest News.*

OTHER OPERATIONS

Publishes the Texas Almanac.

RANK

Berkshire Hathaway 90

Omaha, Neb.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	108	102	6.2
Total sales	940	729	28.9
Net income	93	70	32.3

Sales by media	1985	1984	% chg
Newspaper	108	102	6.2
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Berkshire Hathaway, a multifaceted holding company whose Omaha-based chairman, Warren Buffett, is perhaps better known than the company, recorded modest gains in its lone media property, the *Buffalo News*.

The *News*, which reported a 6% increase in revenues in 1985 despite a slight across-the-board circulation decline, is, however, far from the company's only media interest. The parent has major holdings in Cap Cities/ABC, Washington Post Co., Time Inc. and Affiliated Publications.

The *News* revenue makes Berkshire Hathaway the 90th largest media company in 1985.

Berkshire, which had its roots in the New England textile industry before shutting down all of its textile operations in July, 1985, is involved in insurance, banking, candy, home furniture, steel service industries in addition to apparel, and owns West Coast-based Blue Chip Stamps, a trading stamp company.

Berkshire's earnings without investment gains were $92.9 million, up 32% from 1984. However, investment gains in 1985 of $342.9 million brought net earnings to $435.8 million, compared with the prior year net earnings of $148.9 million, which included investment gains of $78.7 million. Most of the investment gains in 1985 were from the sale of General Foods common stock to Philip Morris Cos. in PM's successful tender of General Foods.

Berkshire, which obtained the *News* in 1983 when it bought the newspaper's parent, Blue Chip Stamps, runs the newspaper through the 105-year-old Buffalo Evening News Inc., Buffalo, N.Y. Blue Chip Stamps purchased the *News* in 1977.

The *News* in 1985 had a Monday through Friday circulation of 317,024, down slightly from 317,750 the year earlier, according to ABC Fas-Fax reports for the period ended March 31, 1986. Saturday circulation was 282,081 compared with 282,050 in 1985, and Sunday circulation of 370,748 compared with a year-earlier total of 373,071.

The *News* publishes seven editions daily and is the only metropolitan daily newspaper in its 10-county distribution area. It ranks among the leaders in penetration in the country's top 50 primary markets, with a 79% penetration daily and 82% on Sunday. It is ranked 25th in circulation among the nation's daily newspapers. It employs 970 people fulltime.

The newspaper generated 1985 revenues of $107.9 million, up 6.1%, and produced operating profits of $29.3 million, up 9.7% from 1984. The *News* had net earnings of $14 million in 1985, up 9.3%.

Ad linage increased at the *News* in 1985, although the gain was attributed to preprints. Run-of-press linage was down.

In early 1986, Berkshire Hathaway bought an 18.7% interest in Capital Cities Communications when it took 3 million shares at $172.50 a share, or $517.5 million, helping Cap Cities' $3.5 billion purchase of American Broadcasting Cos., which was completed in January.

As part of the deal, Berkshire Hathaway relinquished voting control of its stock to Cap Cities ceo Thomas S. Murphy, or to Daniel B. Burke, if and when he succeeds Mr. Murphy as ceo, for as long as either heads the company. It also agreed to give Cap Cities the right of first refusal to repurchase stock until Jan. 3, 1997, and agreed to restrictions regarding the sale of its holdings, particularly to a larger holder, without the approval of Cap Cities' management.

In Mr. Buffett's 1985 letter to shareholders, he waxes humorously about his timeliness in investing in Cap Cities over the years:

"Of course, some of you probably wonder why we are now buying Cap Cities at $172.50 per share, given that your chairman, in a characteristic burst of brilliance, sold Berkshire's holdings in the same company for $43 per share in 1978-80. Anticipating your question, I spent much of 1985 working on a snappy answer that would reconcile these acts: 'A little more time, please.' "

As of the end of 1985, Berkshire Hathaway reported holding 900,800 shares of ABC, which it bought for $54.4 million and has a market value of slightly less than $109 million. The company also holds 1,868,600 shares, or 16.6%, of the Washington Post Co. The shares sell for about $164 on the American Stock Exchange, giving erkshire Hathaway holdings worth 306.4 million. The Post last year ought from Cap Cities its cable tv op- rations in the Midwest. West and outh. Those cable tv operations serve 35,000 subscribers.

Berkshire Hathaway also holds 036,461 shares of Affiliated Publica- ons, which it bought for slightly more an $3.5 million and values at $55.7 illion. Affiliated's main holding is e Globe Newspaper Co., which pub- hes the *Boston Globe*. Berkshire also ns 847,788 shares bought at $20.4 illion and valued at $52.7 million, in me Inc., publisher of *Time* magazine d other national publications.

MEDIA PROPERTIES

Newspapers (dailies)

ffalo News.

OTHER OPERATIONS

ome-state subsidiaries—Cornhusker Cas- lty Co., Omaha; Kansas Fire & Casualty ., Topeka; Continental Divide Insurance ., Ingelwood, Colo.; Cypress Insurance ., Pasadena, Cal.; National Indemnity ./Columbia Insurance Co., Philadelphia; dwood Fire & Casualty Co., San Bruno, l.; National Indemnity Co./National Fire Marine Insurance Co., Omaha; See's ndy Shops, South San Francisco; Ne- ska Furniture Mart Inc., Omaha; Wesco nancial Corp.—Mutual Savings & Loan sn., Pasadena; Precision Steel Warehouse ., Franklin Park, Ill.; K&W Products Di- ion, Santa Fe Springs, Cal.; Associated tail Stores Inc., Long Island City, N.Y.; e Chip Stamps, Los Angeles; Nebraska rniture Mart, Omaha, and various land d stock holdings. Interest in Affiliated blications, Capital Cities Communica- ns (18.7% interest), interest in Time Inc., shington Post (16.6% interest).

RANK

64

Blade Communications

Toledo, O.

($ in millions)

orp. returns	1985	1984	% chg
Media sales	174	158	10.1
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

ales by media	1985	1984	% chg
Newspaper	136	125	8.8
Magazine	—	—	—
Broadcast	13	10	30.0
Cable	25	23	8.7
Outdoor	—	—	—

Revenues that increased 10.1% in 35 at Blade Communications Inc. ect the purchase of a new tv station, tinued growth in Buckeye Cablevi- n and improved advertising perfor- nce among newspaper properties, ch offset daily circulation declines he company's two leading newspa- s.

lade, ranked 64th in media reve- s based on its 1985 performance, is ent of 10 businesses, all media, in- ding three newspapers, three cable systems and four tv stations. The npany was founded by Paul Block in the early 1920s. His sons, Paul ck Jr. of Toledo and William Block Pittsburgh, are co-owners.

he Toledo, O.-based company ed to its media holdings in 1985 en it bought KTRV-TV, mpa/Boise, Ida., on July 1, paying ton Broadcasting Ltd. $4.9 million. ustry sources say Blade Communi- ons adopted the station's debts, re- tedly raising the acquisition cost to million. At th [illegible] of the pur- se, the compan [illegible] tv prop- was projected [illegible] nnual rev- es of $3 million [illegible] million. The npany's other tv properties are FI-TV, Lafayette, Ind., WLIO, a, O., and WDRB-TV, Louisville, The broadcast sequence at Blade rted an estimated $13 million in enues, up 30% from 1984.

n addition to buying another tv sta- , Blade Communications contin- to improve its trio of cable tv sys- s, particularly Buckeye Cablevi- , its largest. "Buckeye is growing at % to 30% rate annually," a corpo- executive reports. The three sys- s have about 127,300 subscribers, 6.2% from last year. The company cial says Buckeye Cablevision has ut 105,000 customers, while Erie County Cablevision, which serves the Sandusky, O., area, has about 16,000, and Monroe Cablevision, Monroe, Mich., has about 6,300.

Blade Communications improved its cable tv operations, rebuilding both the Erie County and Monroe systems during the past 18 months. The improvements increased the Erie County system's capacity from its original 12 channels to a capacity of 44 channels. The three cable systems are estimated to generate $19 million from subscriber fees in 1985. Buckeye Cablevision produces local ad revenue, although the company declines to give details.

A cable spokesman says Blade Communications has not emphasized local advertising at its two smaller systems, "but at the one in Toledo, we have, and it's growing nicely." He says there should be some advertising growth at the smaller systems as the company gains experience with Buckeye Cablevision. "Many cable operators don't even bother with it," he says of local advertising for small cable systems.

Newspapers, the largest component of media activity at Blade, had estimated revenues of $136 million in 1985. The leading breadwinner, the *Toledo Blade*, lost 1.2% of its daily circulation in mid-1985, dropping to 161,217 as of March 31, 1986, compared with the year-earlier period. Its Sunday circulation rose 0.4% to 219,867 for the same period.

At the *Pittsburgh Post-Gazette*, daily circulation fell 0.9% to 173,482 as of March 31, 1986. The competing *Pittsburgh Press* lost 3.2% of its daily circulation, dropping to 239,849 in the same period. The Sunday *Press* dropped 2.4% to 579,910 as of the March 31 reporting period. The *Post-Gazette*, does not publish on Sundays. It has a joint operating agreement with the *Press*, a Scripps Howard paper.

The *Monterey Peninsula* (Cal.) *Herald* saw its daily circulation rise 2.2% to 33,519 as of the March 31 report. Its Sunday circulation was 35,145, or 1.7% more than in the year-earlier reporting period.

A Blade executive says his company has learned the same lessons as other

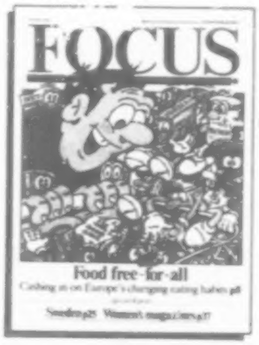
Paper shores up fete

Providence Journal & Evening Bulletin took a major corporate sponsorship role in Rhode Island's 350th birthday celebration this year. Owner, Providence Journal Co., contributed $50,000 to RI 350, a state nonprofit agency set up to organize activities, the high point of which is the five-day visit of the Tall Ships to Newport the end of June before they sail to New York City for the July 4th celebration at the Statue of Liberty.

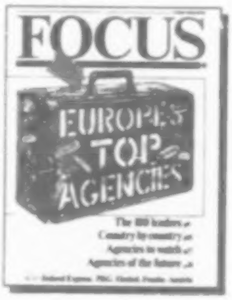
Most European countries have advertising and marketing publications which do an excellent job monitoring local developments. Some occasionally include items about Europe, or even publish a one-off, in-depth glance at Europe in the form of a special issue.

FOCUS
Commercial tv triumphant

But FOCUS is different. FOCUS is the monthly magazine written for advertising and marketing professionals. Europe as a whole is their exclusive, full-time assignment.



Successful pan-European marketers need insights into complex cultural and legal concepts, and the ability to make difficult media choices. There is no simple, all-purpose, enduring formula which guarantees success. So FOCUS provides a forum where pan-European professionals find the information they need to solve their problems and do a better job.



FOCUS is based on the premise that forward-looking companies will recognize Europe as the most promising growth market of the decade, with better-than-average profit potential for those who understand the opportunities and the special marketing skills that are required.

FOCUS serves pan-European marketers. It has correspondents permanently stationed in every European country and an editorial staff of senior professional business journalists. It has access to the worldwide resources of Crain Communications and can draw on Crain's seven years of experience as publishers for pan-European marketers.

Call London 831 9681 for advertising and subscription information
Anne Hinds – northern sales manager
Lionel O'Hara – advertisement manager
Mark Service – international sales development manager
Bryan Todd – publisher, advertisement director
20-22 Bedford Row, London WC1R 4EB
In New York call Tom Wilson – eastern sales manager (212) 210 0205

INTERNATIONAL SALES OFFICES: STUTTGART-LEONBERG: Karl Heinz Reinl, MSI Media Sales, Rainstrasse 4, Leonberg 7, West Germany. Tel: 07152/47263. Telex: 724 154 MSILD. TOKYO: International Media Representatives, 2-29, Toranomon 1-Chome, Minatoku, Tokyo 105. Tel: 502-0656. HONG KONG: Martin Clinch, Martin Clinch & Associates Ltd, 20th Floor, Queen's Centre, 58-64 Queen's Road East, Hong Kong. Tel: 5-273525. Cable: Groupcom. Telex: 76041 MCALHX. MADRID: Paul Leahu, Conexiones, c/Lira 1, Madrid 28030. Tel: 409 3404. Telex: 45522. PARIS: Pauline Kaplan, Intermedia. Tel: 326 7008. Telex: 620893.

ADVERTISING AGE'S SPOTLIGHT ON PAN-EUROPEAN MARKETING

media companies diversifying into broadcasting and cable tv: "Newspapers are far more expensive, in terms of the people you need," he says. The executive notes broadcasting provides "much better leverage than newspapers, which cannot provide the kinds of operating revenues as broadcasting does, nor the cash flow of cable. But they're bigger.

"Cable," he says, "is a terrible consumer of capital, but once it's in place, it's a tremendous generator of cash.

"We're quietly trying to grow and stay successful," the executive says of Blade Communications.

MEDIA PROPERTIES

Broadcasting

TV: KTRV, Nampa/Boise, Ida.; WLFI-TV, Lafayette, Ind.; WLIO, Lima, O.; WDRB-TV, Louisville, Ky.

Cable/video

SYSTEMS: OHIO: Buckeye Cablevision-Harbor View, Holland, Lucas County, Maumee, Ottawa Hills, Oregon, Perrysburg, Perrysburg Township, Rossford, Springfield Township, Sylvania, Sylvania Township, Toledo, Washington Township, Wood County; Erie County Cablevision-Bay View, Castalia, Erie County, Huron, Huron Township, Margaretta Township, Oxford Township, Perkins Township, Sandusky. MICHIGAN: Monroe Cablevision- Monroe.

Newspapers (dailies)

CALIFORNIA: *Monterey Peninsula Herald.* OHIO: Toledo Blade. PENNSYLVANIA: *Pittsburgh Post-Gazette.*

RANK

John Blair & Co. 25

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	549	416	31.9
Total sales	631	487	29.4
Net income	(29)	11	(377.1)

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	99	89	11.7
Cable	—	—	—
Other	450	327	37.5

John Blair & Co., New York, the 25th largest media company, last year began a restructuring program that could lead to the company's acquisition later this year.

Bidding for the company had heated up by early June, 1986, between Reliance Capital Group, perceived by Blair as a "white knight," and Macfadden Holdings, as a knight-errant whose initial offering included a condition that the Advo-System unit at Blair would be sold off for $100,000. However, as of mid-June, a Macfadden counterbid included more cash per share than Reliance Capital and an assurance that Advo would not be divested.

Media revenues, which climbed from 85.4% to 87.1% of total revenues in 1985, came largely from Blair's marketing services segment, which included its Advo-System and freestanding insert business, and its tv and radio properties. Most of the company's nonmedia revenue is derived from its broadcast representation companies, which had revenues of $66 million in 1985, up 6.1% from 1984.

However, in 1985, media operations contributed a $16.3 million loss compared with a $26.1 million gain the prior year. Over-all, in 1985 the company reported a loss of $29.1 million compared with a gain of $10.5 million the prior year.

In the media area, Blair's losses came from its marketing services unit, which in 1985 consisted principally of Advo-System, the Hartford, Conn.-based direct mail facility and the Blair Sunday newspaper freestanding inserts. For the year, revenues from marketing services were $449.9 million with an operating loss of $30.7 million.

Blair purchased Advo in March, 1984, for about $35 million. Another $70 million was invested in Advo to improve its facilities and expand its distribution. At the time, Blair believed that the combination of Advo and its inserts would create a synergy in the marketplace to benefit both marketing programs.

The reality turned out otherwise. The insert, once the market leader in a field of four, slid uncontrollably into fourth place. And Advo generated consecutive losses despite being scaled back from an average weekly circulation of 45 million to 30 million.

The inserts changed leadership again in 1985, as the division had done the year before when Advo president Jack Valentine replaced Bob Hemm, the division's founder. This time, in March, it was Mr. Valentine who stepped down, to be replaced two months later by Edward Fuhrman, a former package-goods marketer at General Foods. Under Mr. Fuhrman's direction, the division began to come back and in October, it published its single largest issue. But that proved to be too little, too late.

Just a month later, with the company's entire debt hovering about $300 million, Blair announced a sweeping reorganization that included the sale of its freestanding insert and three printing companies. Before the year was out, the insert division had been sold to Quad/Marketing, Pewaukee, Wis., for about $12 million, and one of the three printing companies was sold as well. This spring, the other two printing companies were sold, completing the restructuring program. The sale of the four properties is estimated to have brought in about $100 million, which will be applied to Blair's debt.

The considerably trimmed down John Blair turned out to be an attractive takeover target.

In April, Macfadden Holdings, a New York-based publishing company, launched a $25 per share takeover bid that was rejected by Blair's board of directors as inadequate. Especially distressing to the board, even more so than the $25 per share price it considered low, was Macfadden's proposed plan for disposing of Advo. Contained in Macfadden's offering was the proposed sale of Advo to California investor Paul Bilzerian for just $100,000. The suggestion that Blair had turned a $100 million investment into just $100,000 in two years was maddening, and the board began seeking a friendly partner to make a higher bid.

First, Blair found what it considered to be a more suitable buyer for Advo in Warburg, Pincus Capital Partners, a New York investment banking concern. Warburg has agreed to purchase a one-sixth interest in Advo for $10 million. For that, Warburg will receive a majority of the preferred shares and, hence, a controlling interest in the company. The remainder of the stock will be distributed directly to Blair's shareholders.

Sources close to Advo suggest those Advo shares will have a market value of about $5, but Wall Street analysts

FOCUS
is
EUROPE

ADVERTISING AGE'S SPOTLIGHT ON PAN-EUROPEAN MARKETING

suggest the initial market value may be closer to $2. That would peg the market value of Advo at anywhere from $22 million to $55 million, a great deal more than the $100,000 offered by Mr. Bilzerian, but equally far from the $100-plus million invested by Blair.

Second, Blair found a white knight to acquire the remainder of the company in the Reliance Capital Group, an investment concern controlled by Saul Goldstein. Reliance Capital is offering $27 a share for about two-thirds of Blair's shares and debentures worth a similar amount for the remainder.

Macfadden, however, upped its cash offer to $30 a share and other notes for a total bid of $340 million, and reversed its position on selling Advo. Blair's stock has been trading at more than $28 per share, and has been valued as high as $32 a share.

Throughout these various takeover bids, Blair's broadcast properties repeatedly have emerged as the attraction. In 1985, Blair went on the air with its fifth tv station, WSCV, Miami-Fort Lauderdale. The company says the station captured 33% of the South Florida Spanish-language audience.

An important key to its success, Blair says, was that the station had introduced programing tailored to the Hispanic residents of South Florida, including an hourlong news program format.

In contrast, Blair's other Spanish-language station, WKAQ-TV, San Juan, was hurt by local economic conditions. Sales came back sharply in the fourth quarter, however, and continued to lead in audience share.

The remaining Blair radio and tv properties turned in a solid performance, the company says, and the division had revenues of $99.4 million, up 11.7%, and posted operating profit of $14.3 million, down 8.8%.

MEDIA PROPERTIES

Broadcasting

TV: WSCV, Fort Lauderdale, Fla.; WKAQ-TV, San Juan, P.R.; KOKH-TV, Oklahoma City; KSBW-TV, Salinas, Cal.; KSBY-TV, Santa Barbara, Cal.

RADIO: KVIL (am, fm), Dallas; WHDH, WZOU (fm), Boston; WIBC, WNAP (fm), Indianapolis; WFLA (am, fm), Tampa, Fla.

Other media operations

ADVO-System (direct mail media services).

OTHER OPERATIONS

Blair Entertainment, Blair Radio, Blair/RAR, Blair Television, BlairSpan, RPR Productions, Selcom Radio, Torbet Radio.

Bonneville International Corp.

RANK **84**

Salt Lake City

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	120	119	0.8
Total sales	151	151	0.0
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	120	119	0.8
Cable	—	—	—
Outdoor	—	—	—

The past year brought no change in Bonneville International Corp.'s lineup of media holdings—two tv stations, and five am and seven fm radio stations—and little internal growth, leading to an 0.8% increase in revenues for those properties in 1985 over the previous year.

Instead, the Salt Lake City-based company switched personnel and formats, the latter involving numerous call letter changes. An equally flat performance also was turned in by its nonmedia business encompassing music syndication and telecommunications.

Bonneville, ranked 84th in the nation on the basis of its media revenue performance, is a closed corporation of the President of the Church of Jesus Christ of Latter-day Saints, commonly known as the Mormon Church. Last year marked the retirement of company president Arch Madsen, who became president emeritus. Rodney Brady, who had been the president of Weber State College in Ogden, Utah, succeeded him on July 1, 1985.

Among Bonneville's broadcast operations, home-based KSL-TV and KSL radio continued to be the dominant stations in Salt Lake City. KSL radio remained a strong No. 1, with a 12.9 over-all rating, in a market in which fm predominates with 72% of the listening audience. KSL holds a 40% share of the am market.

KOIT (am, fm), San Francisco, tried new formats. KOIT moved from easy listening to light rock, and although it was the No. 2 station in the easy listening genre, the market had "a hole in the 25-to-49 age group big enough to drive a truck through—sideways," says Jack Adamson, the new senior vp at Bonneville, who oversees KSL tv and radio in addition to broadcast operations in San Francisco, Los Angeles, Chicago and New York.

Chuck Tweedle became the new vp-general manager at KOIT (am, fm), replacing Cary Johnston-Winston, when she left the radio combo to become vp-general manager of KBIG-FM in Los Angeles, a position formerly held by Mr. Adamson. Mr. Adamson now occupies the post formerly held by Jay Lloyd, who died last September.

With a new manager on board, KOIT took the plunge into a new format last June, taking a more circuitous route than its fm sister station. Sporting new call letters, KXLR, the am station adopted "trendformat," which is used extensively in Great Britain. In-depth discussion is coupled with light jazz and New Age music. Information is presented in "magazine, rather than newspaper format," Mr. Brady says. Although the new approach was enthusiastically received by a small segment of the viewing audience, "we couldn't get any numbers on it," Mr. Adamson says, and the format was pulled off the air in January, 1986, following a six-month maiden run.

Mr. Adamson remains optimistic about trendformat and believes "the soufflé didn't rise, but perhaps we took it out of the oven too soon." For the time being, however, KXLR is once again KOIT-AM with an adult contemporary format. Because trendformat is a low-cost format that can be sold in tandem with fm to advertisers, the trendformat trial was, at the very least, a worthy "experiment to see what you can do with am radio in markets already strong with news and information stations," Mr. Adamson says.

Another Bonneville station, KAFM (fm) in Dallas, also changed its format and call letters. KAFM became KZPS-FM and moved from a contemporary hit radio, youth-oriented sound, up the chronological scale to adult contemporary in early March, 1986, mainly because of increased competition. The new sound, which contains elements of contemporary jazz, is "highly researched, and our unaudited numbers show solid gains on both new formats in Dallas," Kenneth Hatch, president-ceo of KIRO Inc. and a senior vp at Bonneville, says.

KAAM became KZPS in Dallas and switched from an adult contemporary format to Music of Your Life, a syndicated service of music of the '50s and '60s.

KMBZ, an information/sports radio station, and KMBR (fm) in Kansas City, an easy listening station, together hold a dominant position in that market. According to Mr. Hatch, the two stations form "an ideal selling combination of information/news and easy listening," since both formats encourage audience crossover, Mr. Hatch says.

Last October, KMBZ lured the World Series champion Kansas City Royals from KCMO, the local CBS station, and Mr. Hatch is confident the acquisition of the Royals will cause ratings to climb beyond the 12-plus ranking the station currently enjoys.

KMBR (fm) is an example of what Mr. Hatch calls Bonneville's ULTRA format—easy listening music coupled with news at the top of the hour. Bonneville serves 155 stations in 85 to 90 of the top 100 markets in the country with its ULTRA format.

Bonneville's frontrunner in the adult contemporary mode continues to be Chicago's WCLR (fm), with its "Chicago's Lite Rock" theme. Starting in April, WNSR (fm), Bonneville's New York broadcast property, also made the leap into soft rock and adopted new call letters, WRFM (fm). Research showed slippage in the easy listening category, and this triggered WRFM's switch to the new format as "New York's Soft Rock."

Seattle properties, KIRO, KSEA (fm) and KIRO-TV, Bonneville's CBS affiliate, continued to do well. According to Messrs. Brady and Hatch, KIRO radio is the dominant news station in the Northwest by a wide margin. The news-radio and sports station picked up additional major league franchises for broadcast last year, including the Seattle Mariners baseball team, basketball's SuperSonics and Seattle's National Football League team, the Seahawks. In addition, KIRO radio picked up the rights to broadcast the University of Washington Huskies sports events for $1.5 million.

KIRO-TV is the No. 1 news station in the market both in terms of ratings and in the amount of news programing it broadcasts daily, Mr. Hatch says.

Bonneville Broadcasting System, an easy listening music syndication company, headquartered in Northbrook, Ill., is the largest easy listening music syndication in the country, serving more than 150 stations.

Bonneville Telecommunications, under newly appointed president Blaine Whipple, formerly vp-finance at Bonneville, continued to move ahead on its teletext program, which utilizes CBS news feeds and local news and passes it via signals from KSL-TV and telephone lines to tv set subscribers and home computer users.

The division also operates transponders, which it leases to such clients as Western Union Industries and Southern Pacific Transportation Co., but because the demand for use and programing is low compared with the number of transponders in orbit, this segment has not shown any growth.

However, Bonneville Telecommunications has been busy developing informational systems for such clients as Chicago First National Bank, American Can Co. and Thiokol Chemical Corp. The Telecommunications division also developed an information network for Dow Jones, which began operating in April, that feeds data to major stock exchanges. In addition, the subsidiary signed major contracts with privately owned networks, like the Hilton Hotel chain, for which it provides teleconferencing capabilities. Other new product development activities are in the works, Mr. Whipple says.

Bonneville Media Communications, a full-service communications company that also offers advertising agency services, greatly expanded its business role this past year. The Mormon Church has been a major client for 14 years, both for programing and advertising.

The company's multimedia division, which puts together multiple-slide presentations and other multimedia events for national and local companies, numbers among its clients such companies as American Express,

Media companies by estimated magazine revenues

Company	Magazine revenues 1985	Magazine revenues 1984	1985 media revenues	Mag revs % of media revs	Top U.S. magazine by ad revenues	1985 ad revs of top mag	'85-'84 % chng
Time Inc.	$1,482	$1,321	$2,852	52.0	*Time*	$346,570	3.3
McGraw-Hill	676	658	1,031	65.5	*Business Week*	169,100	(8.5)
Triangle Publications	648	589	720	90.0	*TV Guide*	313,974	3.2
Hearst Corp.	569	503	1,540	36.9	*Good Housekeeping*	142,376	6.8
International Thomson Holdings	560	550	560	100.0	*Medical Economics*	N/A	N/A
Advance Publications	510	490	2,030	25.1	*Vogue*	71,509	6.2
Dun & Bradstreet	406	380	1,718	23.6	*Datamation*	N/A	N/A
CBS Inc.	385	310	3,170	12.1	*Woman's Day*	107,347	(2.7)
Washington Post Co.	326	332	1,037	31.4	*Newsweek*	247,079	(0.0)
Meredith Corp.	228	210	356	63.9	*Better Homes & Gardens*	123,262	(2.3)
National Geographic Society	220	213	220	100.0	*National Geographic*	31,922	6.4
New York Times Co.	217	211	1,394	15.5	*Family Circle*	145,788	11.5
Capital Cities/ABC	210	191	3,841	5.5	W	20,470	12.0
Cahners Publishing Inc.	210	200	210	100.0	*Restaurants & Institutions*	N/A	N/A
Reader's Digest Assn.	197	194	209	94.4	*Reader's Digest*	110,578	(1.1)
International Data Group	185	138	185	100.0	*Computerworld*	N/A	N/A
McCall Publishing Co.	153	129	153	100.0	*McCall's*	80,849	6.0
News America Publishing	149	33	584	25.5	*New York*	38,331	12.3
Playboy Enterprises	149	147	172	86.2	*Playboy*	57,735	5.0
U.S. News & World Report	145	151	145	100.0	*U.S. News & World Report*	102,641	1.1
Times Mirror Co.	144	140	2,171	6.6	*Popular Science*	21,080	(8.1)
Penthouse International	132	115	132	100.0	*Penthouse*	20,179	(8.4)
Ziff Communications Co.	125	115	125	100.0	*PC Week*	41,000	—
Petersen Publishing Co.	122	112	122	100.0	*Motor Trend*	23,254	24.6
Harcourt Brace Jovanovich	119	103	137	86.9	*Modern Medicine*	N/A	N/A
Forbes Inc.	114	108	115	99.1	*Forbes*	109,726	—
Crain Communications	102	86	102	99.9	*Advertising Age*	26,200	—
Pittway Corp.	98	101	98	100.0	*Machine Design*	N/A	N/A
Knapp Communications	93	98	93	100.0	*Architectural Digest*	28,653	3.3
Maclean Hunter Communications	52	47	258	20.2	*Progressive Grocer*	N/A	N/A
Scripps Howard	50	49	900	5.6	*Houston Business journal*	N/A	N/A
Warner Communications	35	35	331	10.6	*DC Comics*	N/A	N/A
Dow Jones & Co.	32	30	978	3.3	*Barron's*	N/A	N/A
LIN Broadcasting Corp.	17	14	163	10.2	*GuestInformant*	N/A	N/A
Providence Journal Co.	15	12	208	7.2	*Soap Opera Digest*	2,320	7.7
Stauffer Communications	14	12	96	15.0	*Grit*	N/A	N/A
Times Publishing Co.	13	15	167	8.0	*Florida Trend*	N/A	N/A
Media General	11	12	331	3.4	*Consultant*	N/A	N/A
A.S. Abell Co.	2	2	235	1.0	*Mid-Atlantic Monthly*	N/A	N/A
Dispatch Printing Co.	2	2	156	1.5	*Ohio Magazine*	N/A	N/A
Oklahoma Publishing Co.*	2	2	411	0.4	—	N/A	N/A
Morris Communications Corp.	1	1	284	0.4	*Quarter Horse News*	1,000	11.1
H&C Communications	1	1	102	0.9	*Washington Journalism Review*	900	80.0

NOTE: Total magazine and media revenues in millions. Magazine ad revenues in thousands. Source: Publisher's Information Bureau.

Oklahoma Publishing Co. sold the *Oklahoma Texas Farmer Stockman*.

Rockwell International, Boise Cascade and Blue Cross and Blue Shield. The programing department at Bonneville Media prepares special and corporate films for clients.

The greatest area of growth has been in the advertising agency sector, however. A natural extension of the award-winning work the agency has done for the Mormon Church was to expand its roster of clients to other cause/relief organizations.

The most recent new client, Boy Scouts of America, joined Bonneville Media's agency in April. In January of this year, Church World Service, a relief organization headquartered in New York, left Ketchum Advertising in favor of Bonneville Media to develop its radio and tv campaigns. The National School of Safety Center in Sacramento, Cal., became a Bonneville client last year.

Advertising and corporate film work focuses on the problems of drug abuse, violence and truancy on school campuses. Recently, the Houston Film Festival bestowed an award for Bonneville's work on that account. The advertising arm of Bonneville has earned more than 300 creative awards.

Bonneville Media plans to enter the commercial sector, including such industries as healthcare and communications. In particular, the agency seeks "clients who can utilize the emotional kind of sell we specialize in," says Jeffrey L. Hilton, vp-marketing at Bonneville.

More recently, Bonneville Media entered the world of media buying, further expanding its full-service communications company role.

In addition to the personnel changes already cited, John Scott Davenport, Bonneville International's director of research, was named vp-research and analysis. Former assistant general counsel, Bruce Reese, became vp-general counsel.

MEDIA PROPERTIES

Broadcasting

TV: KSL-TV, Salt Lake City; KIRO-TV, Seattle.
RADIO: KBIG (fm), Los Angeles; KIRO, KSEA (fm), Seattle; KMBZ, KMBR (fm), Kansas City, Mo.; KOIT (am, fm), San Francisco; KSL, Salt Lake City; KZPS (am, m), Dallas; WCLR (fm), Skokie, Ill.; WRFM (fm), New York.

OTHER OPERATIONS

Bonneville Broadcasting System, Bonneville Media Communications, Bonneville Telecommunications, Radio Data Services.

RANK

Cahners Publishing 55

Newton, Mass.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	210	200	5.0
Total sales	352	270	30.4
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	210	200	5.0
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Like many of the top media companies that concentrate on print properties, Cahners Publishing Co. expects relatively flat revenues and earnings in 986, unless its financial results are fied by acquisition as they were in 985.

Media revenue growth of 5% at Cahners, all from magazines, was much less impressive than the company's over-all revenue growth of 0.4% in 1985, most of that coming from Cahners' growing expositions and trade shows division.

Cahners' media revenues come from 6 business publications, ranking the publisher as the 55th largest media company. Based in Newton, Mass., Cahners is a division of Reed Publishing U.S.A. Revenue totals in this profile are all for Cahners.

Cahners, however, plans to build on its existing titles while waiting for advertisers to become more confident about the economy and let loose of their advertising dollars. "We're trying to run better by battening down the hatches and waiting for the storm to pass, for the sun to come out again," says Bill Platt, president of the magazine division. "We want to publish good quality magazines and not spend our assets for now," he says, adding the proverbial "unless a particularly good acquisition comes along."

That "particularly good acquisition" would be one of high quality offering strong growth potential in keeping with the publisher's growth strategy. At the same time, Cahners is weeding out magazines that don't show that potential. The idea is not to have a large number of titles, but to own magazines that dominate their markets and have room to grow, Mr. Platt says.

He refers to a magazine's life cycle to illustrate the company's decision to sell or fold several magazines this year. *Appliance Manufacturer*, which was sold to Corcoran Communications, Solon, O., earlier this month, was the No. 1 magazine in its field with 60% of the market. But the market was a "shrinking pie" because many appliances are made overseas, he says. The magazine no longer offered the growth Cahners looks for.

Bar Business, which was published for eight issues starting in September, was killed because it failed to attract the advertising needed to support the magazine's high costs, although it received strong readership interest, he says.

Other media operations sold were *Cardiovascular Medicine*, which from the time it was purchased never met the company's expectations, and the newsletter division, sold to the staff member who headed the division.

A purchase that was termed a "major acquisition" was that of R.R. Bowker Co., publisher of three magazines: *Library Journal*, *Publishers Weekly* and *School Library Journal*.

Cahners will be on the lookout for other publishing properties in 1986 and expects to announce one such major acquisition in the next few months. According to Mr. Platt, the company is talking to major publishing companies that have a lot of good properties on the market.

During the year Cahners also bought *Physicians Travel & Meeting Guide*, *Electronic Purchasing* and launched two spinoffs of *EDN*, *EDN Product News* and *EDN Career News*. The latter two publications are doing well because of the strength of *EDN*, according to Mr. Platt, and because the industry is eager for product and recruitment news.

Electronic Purchasing, launched as a monthly magazine to compete with an every-other-week buyers guide paper, gives Cahners editorial coverage in every area of the electronics business, which is predicted to be a growth area for the company. A major sales push for the magazine will start in September. Cahners also expects the medical healthcare area to be a major growth area. The most troublesome category for Cahners is the computer magazine group, reflecting the softness in the computer market.

Total circulation for the company's publications is now about 2.5 million. Ad pages were relatively flat for 1985, reflecting an industrywide trend for magazines, whether consumer or business. Total ad pages were about 49,000, down from 50,000 the year before. The ad page leaders for 1985 were *EDN* at 5,912 pages; *Restaurants & Institutions*, 4,480; Design News, 4,968; *Interior Design*, 3,216; *Electronic Business*, 2,237; Electronic Packaging & Production, 1,875; *Purchasing*, 2,304; *Emergency Medicine*, 1,696; *Mini-Micro Systems*, 1,674; Professional Builder, 1,775, and *Modern Materials Handling*, 1,942.

MEDIA PROPERTIES

Magazines

Brick & Clay Record, Building Design & Construction, Building Supply & Home Centers, Business Computer Systems, Ceramic Industry, Construction Equipment, Corporate Design & Realty, CPI Purchasing, Design News, EDN, EDN Career News, EDN Product News, Electronic Business, Electronic Packaging & Production, Electronic Purchasing, Emergency Medicine, Hotels & Restaurants International, Foodservice Equipment Specialist, Interior Design, Library Journal, Mini-Micro Systems, Modern Materials Handling, Packaging, PC Products, Plastic World, Professional Builder, Purchasing, Restaurants & Institutions, School Library Journal, Security Distributing & Marketing, Security World, Semiconductor International, Specifying Engineer, Traffic Management.

Other media operations

U.S. Industrial Directory in addition to annual buying guides and services directories produced by some of the individual magazines.

RANK

Capital Cities/ABC 1

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	3,841	3,953	(2.8)
Total sales	4,320	4,625	(6.6)
Net income	301	331	(9.0)

Sales by media	1985	1984	% chg
Newspaper	405	380	6.6
Magazine	210	191	10.2
Broadcast	3,094	3,272	(5.4)
Cable	132	110	19.7
Outdoor	—	—	—

When Capital Cities bought American Broadcasting Cos. on Jan. 3, 1986, it officially became the world's largest media conglomerate with media revenues of $3.84 billion, a figure equal to 89% of total revenues of the merged operation.

Capital Cities, now Capital Cities/ABC Inc., quickly encountered the most difficult and complex year in its history. Accustomed to fast growth and high profit margins and a self-described "lean" management style, Cap Cities' suddenly faced a poor financial picture in 1986 and a merged partner characterized by a huge payroll and management bureaucracy.

The expected corporate culture clash was over almost before it began. ABC found itself transformed quickly as new managers replaced some of the best known names in broadcasting and some of the company's best known broadcast properties were sold. Fred Pierce, the president, resigned in January, only one week after the companies completed their merger.

Cap Cities immediately began the task of transformation. Other top ABC execs departed before and after the merger began, including Tony Thomopoulos, president of ABC Broadcast Group; Everett Erlick, general counsel, and Ben Hoberman, president of radio. Cap Cities immediately began shrinking the payroll. As many as 300 positions in various divisions of the company have been eliminated, with more expected. Before his departure, Fred Pierce had ordered the layoff of 350 employes in August, 1985. The layoffs affected almost 3% of ABC's 13,000 employes.

A number of new executives were added to the corporate roster. John Sias, formerly president of Cap Cities' Fairchild Publications and group vp of Metromedia Inc. in the 1960s, was named president of the ABC division of Capital Cities/ABC. Michael Mallardi, formerly chief financial officer for ABC, was named president of the company's broadcasting division. The owned-and-operated tv station group, the largest such group in the country, was split into eastern and western groups. Named to the presidency of the western region was Kenneth Johnson, formerly president-gm of Cap Cities' KTRK-TV, Houston. Lawrence Pollock, formerly president-gm of WPVI-TV, Philadelphia, was named president of the eastern stations.

In addition to changes in the personnel roster, four tv stations, eight radio stations, a newspaper and the cable division of Cap Cities were sold to meet FCC cross-ownership rules. The sale of properties before the merger yielded about $920 million in pretax gains for the company. ABC also phased out its movie division last year. Cap Cities sold its 53 cable systems to Washington Post Co. for $350 million.

The financial performances of both ABC and Cap Cities differed dramatically in 1985, mainly because of revenue shortfalls at the ABC tv network. Cap Cities had a record year in both earnings and revenue. For the first time in Cap Cities' 31-year history, net revenues exceeded $1 billion, reaching $1.02 billion, a 9% increase over 1984. Net income in 1985 was $142.2 million, a 5% increase. ABC's net revenue fell 10% to $3.3 billion while net income plummeted 19% to $158.4 million.

ABC's fall was related primarily to the extraordinary gain realized from the Olympics in 1984 as well as its continued drop in prime-time network ratings. Broadcast revenues dropped 14% to $2.84 billion last year while operating income in the division dropped 20% to $340.8 million. ABC broadcast figures include cable. The plunge would have been greater had it not been for a record year in local sales for owned-and-operated tv stations. Top executives at the company warned earlier this year that the ABC tv network could suffer a financial loss in 1986.

Cap Cities' broadcast segment revenues, minus cable, finished the year at $293.7 million, an 8% gain, while income from operations increased 3% to $145.8 million.

Both companies fared significantly better in other areas. ABC's publishing segment's revenues gained 2% to $322.1 million while income from operations increased 4% to $35.5 million. Cap Cities' publishing division increased revenues 9% to $642.6 million while income from operations grew 4% to $138.5 million.

Cable tv-related ventures also grew at both companies last year. Cap Cities' cable division, sold to meet FCC regulations prohibiting tv networks from owning cable systems, had revenues of $84.6 million, an 11% gain, with income from operations of $5.2 million, up 100%.

ABC's new technology sector (including ESPN and the Arts & Entertainment Network, among other enterprises) cut in half 1984's loss. Revenues were $129.0 million last year, a 101% increase over 1984. The loss in the division shrank from $44.6 million in 1984 to $17.3 million last year.

ABC's network performance, pallid in comparison to the triumphant 1984 season, had a few bright spots. The network has had and continues to have a more successful new product development track than CBS, which fell to the No. 2 position in prime-time household ratings. Despite this, ABC's total household audience dropped to 12.8 million from 13.07 million in 1984. The network's season-to-date average, a 14.9 rating and a 23 share, was 18% behind NBC's season leading average and 13% behind that of CBS. Thomas Murphy, chairman of Cap Cities/ABC, told a shareholder meeting that a priority in 1986 was "restoration of prime-time audience levels for ABC tv network to at least parity with CBS and NBC."

The final season average also reflected a decline over the entire year: ABC had a midseason rating average of 15.7. Two strong performances turned in by the network were the World Series last October and "North and South," the miniseries that ran during November sweeps. The six-part series averaged a 38 share, three points ahead of the 35 guaranteed to sponsors. The sequel, an equally ambitious broadcast, also had a successful run by garnering a 33 share over six nights in May.

The man responsible for the epic's creation, Brandon Stoddard, was elevated to the presidency of ABC Entertainment, replacing Lew Erlicht last November. Mr. Stoddard was formerly vp-miniseries.

The network suffered setbacks in two other programing areas, daytime and early morning. While CBS gained in total households at ABC's expense, ABC managed to hold onto its No. 1 ranking. It was not so lucky in the morning: the long-running and highly successful "Good Morning America," fell behind a dazzling and faster-paced "Today" on NBC-TV. However, ABC's evening network news broadcast, "World News Tonight," gained strength last year.

Besides a cost-conscious new management, one of the sharpest changes foisted on ABC was the slew of station sales that occurred after the merger was completed.

Eight radio stations were unloaded before the merger for more than $100 million. Gannett Co. acquired ABC's Denton (Dallas), Tex.-based KTKS (fm) for $16 million; Malrite Communications, Cleveland, bought ABC's KSRR (fm), Los Angeles, and Cap Cities' KLAC and KZLA-FM for $75 million, and Park Communications, Ithaca, N.Y., purchased Cap Cities WPAT-FM and am sister WPAT, Paterson, N.J. for $49 million. Price Communications Corp. purchased Cap Cities' WKBW, Buffalo for $14 million. Silver Star Communications-Detroit Inc. bought WRIF (fm), Detroit.

Cap Cities also obtained an 18-month temporary waiver from the FCC to hold onto several major market radio stations. Cap Cities says it needed the deferral to study the relationship between the owned-and-operated radio stations and the ABC Radio Networks, the largest radio network operation in the U.S.

Cap Cities/ABC could be required to divest by mid-1987 at least seven of the following stations: WABC, WPLJ (fm), New York; KABC and KLOS (fm), Los Angeles; WLS, WYTZ (fm), Chicago; KGO, San Francisco; WJR, WHYT, Detroit; WMAL, WRQX (fm), Washington; WBAP and KSCS (fm), Dallas-Fort Worth; WPLO (am), WKHX (fm), Atlanta, and WPRO and WPRO-FM, Providence, R.I.

Cap Cities/ABC also sold four tv stations to comply with FCC ownership regulations. Scripps Howard Broadcasting purchased WXYZ-TV, Detroit, for about $220 million. The company also purchased WFTS-TV, Tampa, for about $40 million.

Whitcom Investment and partner Cook Inlet Region Inc., Anchorage, Alaska, purchased WTNH-TV, New Haven/Hartford, Conn., for $170 million. William Paley, the former chairman of CBS, is one of the partners of Whitcom, which owns a third interest in the *International Herald Tribune*. A group made up of the Jackson Brothers, O.J. Simpson, Julius Erving and Edward Lewis, ceo-publisher at Essence Communications, publisher of *Essence* magazine, bought WKBW-TV, Buffalo, N.Y., for $65 million. With the exception of WXYZ-TV, each of the tv stations formerly was owned by Capital Cities. The aggregate net proceeds from the radio and tv sales was about $650 million.

Cap Cities/ABC also could have been required to sell WPVI-TV, Cap Cities' top affiliate in Philadelphia as a result of the merger. The company received a permanent waiver to keep the station.

Cap Cities' Red Bank, N.J., *Daily Register* and *Ocean County Reporter* was sold to Price Communications, New York for 7.5 million. Also, in August, 1985, the company sold its other New Jersey weekly in Toms River, N.J., *Ocean County Reporter*. ABC Publishing/Midwest division also added to its holdings in 1986 with the purchase of P.E.M.C.O., a trade show management company in Des Plaines, Ill.

MEDIA PROPERTIES

Broadcasting

TV: WABC-TV, New York; WLS-TV, Chicago; WPVI-TV, Philadelphia; WTVD, Durham-Raleigh, N.C.; KABC-TV, Los Angeles; KGO-TV, San Francisco; KTRK-TV, Houston; KFSN-TV, Fresno, Cal.
RADIO: KABC, KLOS (fm), Los Angeles; KGO, San Francisco; KSCS (fm), WBAP, Fort Worth; WABC, WPLJ (fm), New York; WJR, WHYT (fm), Detroit; WPLO, WKHX (fm), Atlanta; WPRO (am, fm), Providence, R.I.; WMAL, WRQX (fm), Washington D.C.; WLS, WYTZ (fm), Chicago.

Cable/video

CHANNELS: ESPN (Bristol, Conn.), ARTS & Entertainment Network (38% ownership), Lifetime (33% ownership).

Magazines

ABC Consumer Magazines: *High Fidelity, High Fidelity/Musical America Directory, High Fidelity Test Reports, McCall's Needlework & Crafts* (including special interest publications), Modern Photography, Modern Photography/Photo Information Almanac, Photo Buying Guide, Schwann Record & Tape Guide, Video & Sound, Wolfman Report. American Traveler Group: *Travel Agent.* Chilton Co.: *Automotive Industries, Automotive Marketing, Commercial Carrier Journal, Distribution, Electronic Component News, Food Engineering No. America, Food Engineering International, Food Engineering Master, Hardware Age, IMPO (Industrial Maintenance & Plant Operations), IMPO News, Industrial Safety & Hygiene News, Instrument & Apparatus News, Instrument & Control Systems, Iron Age/Manufacturing Management, Iron Age/Metal Producers, Jewelers Circular Keystone, Motor Age, Owner Operator, Product Design & Development, Review of Optometry.* COMPUTE! Publications: *COMPUTE! Apple Applications, COMPUTE!, COMPUTE!'s Gazette.* Electronic Publishing: *Securities Data, Videolog Communications.* Fairchild Publications: *American Metal Market, Daily News Record, Electronics Retailing, Energy User News, Entree, HFD-Retailing Home Furnishings, Home Fashions Textiles, Heat Treating, M, Metal Center News, Metalworking News, MIS Week, Multichannel News, Sports Style, Supermarket News, W, Women's Wear Daily.* Farm Progress Cos.: *Indiana Prairie Farmer, Prairie Farmer, Wallace's Farmer, Wisconsin Agriculturalist.* Hitchcock Publishing Co.: *Assembly Engineering, Assembly Technology Buyers Guide, Industrial Finishing, Industrial Finishing Buyers Guide, INFOSYSTEMS, Machine and Tool Blue Book, Machine and Tool Blue Book Directory, Manufacturing Systems, Office Products Dealer, Quality.* International Medical News Group: *Clinical Psychiatry News, Family Practice News, Internal Medicine News, Ob Gyn. News, Pediatric News, Skin & Allergy News.* Los Angeles Magazine: *Los Angeles Magazine.* Miller Publishing Company: *Dairy Herd Management, Farm Store Merchandising, Feedlot Management, Feed Additive Compendium, Feedstuffs, Feedstuffs Reference Issue, Garden Supply Retailer, Hog Farm Management, Tack 'n Togs, Tack 'n Togs Buyers Guide.* Philatelic Publications: *Stamp Collector, Stamp Wholesaler.* Professional Press Group: *International Contact Lens Clinic, Journal of Learning Disabilities, Optical Index, Optometric Monthly.* *Institutional Investor Domestic Edition.*

Newspapers (dailies)

GEORGIA: *Albany Democrat-Herald.* ILLINOIS: *Belleville News-Democrat.* MICHIGAN: *Oakland Press* (Pontiac). MISSOURI: *Kansas City Times, Kansas City Star.* OREGON: *Daily Tidings* (Ashland). PENNSYLVANIA: *Times Leader* (Wilkes-Barre). TEXAS: *Fort Worth Star-Telegram.*

Newspapers (nondailies)

CALIFORNIA: Pennysavers in Orange, Riverside and San Diego counties, Sacramento and Stockton. CONNECTICUT: Shore Line Newspapers, Guilford. ILLINOIS: *Highland News-Leader.* KANSAS/MISSOURI: *Pennypower Shopping News* (Wichita and Topeka, Kan., and Springfield, Mo.). OREGON: *Gresham Outlook, Newport News-Times, Nickel Ads* (Portland), *Springfield News, Cottage Grove Sentinel, Sandy Post.* TEXAS: *Arlington Citizen-Journal.* WASHINGTON: *Little Nickel Want Ads* (Seattle-Tacoma), *Nickel Nik* (Spokane).

Other media operations

Securities Data Co.; Videolog Communications; National Price Services; NILS Publishing; Word Inc.

RANK

2

CBS Inc.

New York

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	3,170	3,031	4.6
Total sales	4,756	4,640	2.5
Net income	27	212	(87.1)

Sales by media	**1985**	**1984**	**% chg**
Newspaper	—	—	—
Magazine	385	310	24.4
Broadcast	2,785	2,721	2.4
Cable	—	—	—
Outdoor	—	—	—

CBS Inc. survived takeover attempts by Ted Turner, Marvin Davis, Ivan Boesky and Fairness in Media, a conservative group allied with Sen. Jesse Helms (R., N.C.) in 1985-86, but it experienced a difficult year that saw profits plummet and its position as the top-rated tv network in prime time fall to second place behind NBC.

Future leadership at the New York-based media company, ranked the second largest U.S. media company, continues to be a matter of speculation. While Loews Corp. chairman Laurence A. Tisch says he would amass as much as 25% of CBS stock, many believe the powerful New York financier is now heir apparent to the seat William Paley, CBS' founder and former chairman, occupied for more than five decades. The Loews' stake, which was 17.9% in June, 1986, also should provide a shield against any further hostile takeover activity.

Operating profits declined sharply in CBS' three core businesses. Operating profits fell 12% to $360.6 million in 1985 at CBS/Broadcast Group because of a soft advertising climate, especially during the fourth quarter, according to the company. Revenues increased 2% to $2.79 billion.

CBS/Publishing recorded a $41.1 million operating profit last year, a 30% decline from the year before, as revenues grew 14.8% to $710.7 million. The segment sold *Family Weekly* to Gannett in early 1985 for $42.5 million and purchased the 12-title consumer magazine business of Ziff Corp.'s Ziff-Davis Publishing Co. in February, 1985, for $362.5 million. CBS remains the largest publisher of special interest publications in the country.

CBS/Records Group, which was hurt by the absence of superstar album releases, posted operating profits of $87.2 million, a 29% drop from the year before. Revenues declined 3% to $1.23 billion.

CBS also completed the purchase of five radio stations from Taft Broadcasting Co. in 1985 for $108 million.

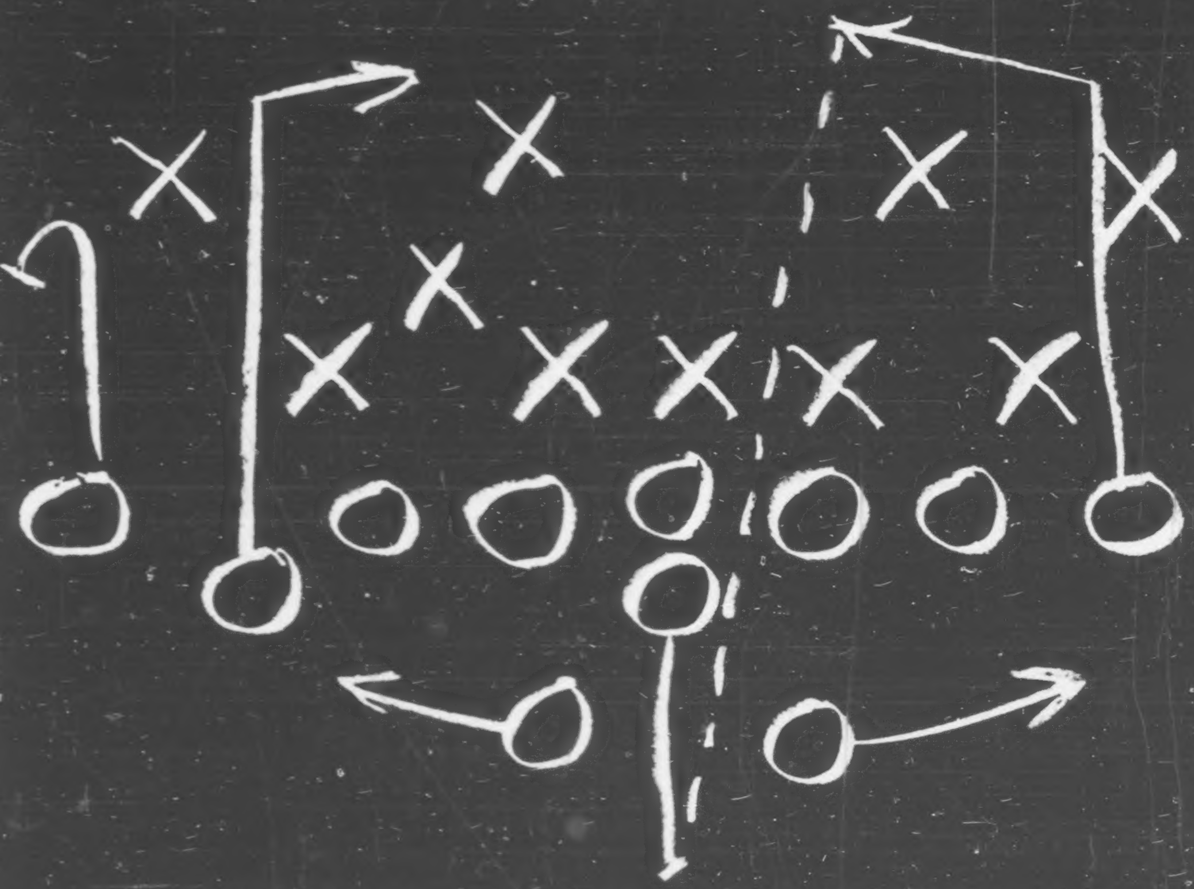
Financial matters dictated many key business decisions in 1985. In August, the company purchased 21% of its outstanding stock as an anti-Turner-takeover maneuver. The near-Draconian measure put substantial debt on CBS' balance sheet but effectively put off Mr. Turner in his $5.4 billion attempt to buy CBS.

While Turner—and presumably future suitors—were turned away by CBS' massive recapitalization, the effect on the company was traumatic. The stock buyback plan was largely responsible for the 88% decline in net income.

A month later, in seeking to pare employes from its massive payroll, CBS offered early retirement to 2,000 employes, or 7% of its work force. Employe cutbacks in most divisions continued into 1986. Several top company officials, including James Rosenfield, senior exec vp, CBS/Broadcast Group, also took early retirement.

In efforts to reduce the huge debt, CBS divested several marginally profitable properties. The plan was to quickly erase $300 million in debt on the balance sheet. As a result, KMOX-TV, St. Louis, was sold to Viacom International. CBS Toys and CBS Software were sold. CBS sold its interest in Tri-Star Pictures, which it co-owned with Coca-Cola Co.'s Columbia Pic-

IF YOU'RE TRYING TO REACH UPSCALE MEN, WE'VE GOT THE BEST GAME PLAN.



The combination of ESPN and CFA College Football is one that advertisers are finding virtually unbeatable. Saturday nights this fall ESPN will be bringing the very best in college football into America's living rooms with exclusive live, prime time CFA coverage. With a line-up that includes defending national champion Oklahoma, Texas, Notre Dame, Penn State and Nebraska it's not surprising that upscale men are turning from the networks to ESPN in record numbers.

And these men form a very impressive line-up of their own. For instance, ESPN's average football viewer buys 30% more imported cars, does 82% more business travelling and buys 44% more life insurance than the national norm.

Without ESPN, your television budget is underdelivering these upscale men. Just 10% of your national TV budget allocated to ESPN will dramatically increase its effectiveness. You'll be reaching the men who spend and do more, and you'll be doing it at a much lower cost-per-thousand.

So give us a call at (212) 661-6040. Because with ESPN's game plan you can't lose.

Also Special Labor Day and Thanksgiving presentations.

MRI 1985

ESPN
THE TOTAL SPORTS NETWORK®

tures and Home Box Office. There were even rumors that the CBS magazine group might be put on the block.

The "asset redeployment" successfully netted the nearly $300 million CBS sought. In an unrelated action, CBS also sold its Dallas-Fort Worth cable tv system, Black Hawk Cable Communications. CBS purchased the 19,000-subscriber system in 1982 for experimental purposes.

The company also was enmeshed in litigation during the year. In April, CBS sued the New York-based arbitrageur Ivan Boesky, charging he had amassed his 8.7% stake in CBS by using his stock as collateral to purchase more stock. The company also charged he was committing "greenmail." Mr. Boesky later dropped much of his $247.1 million stake as part of a settlement and agreed not to increase a minority ownership position.

CBS became embroiled in a lawsuit with Ziff Corp. Filed in May, CBS' suit charged that $4 million in expenses were not reflected in Ziff's statement of the magazines' earnings. Some analysts, however, estimated CBS may have overpaid as much as $40 million for the magazines. The outcome is pending.

Last October, Laurence Tisch, chairman of Loews Corp., purchased 11.3% of the company's stock. While CBS officials quickly dubbed the relationship a "mutual love affair," most observers read Mr. Tisch's action as a prelude to eventual takeover. Mr. Tisch subsequently was awarded a seat on the CBS board.

Loews, a $5 billion conglomerate with interests in hotels, real estate, financial services and tobacco, said it intended to purchase up to 25% of the company. But eventual takeover is expected. In documents filed with the SEC, Loews disclosed it had held talks about acquiring CBS after Mr. Turner made his bid.

Mr. Tisch, very active in New York financial, political and philanthropic activities as well as a close friend of former ABC chairman Leonard Goldenson, has been viewed as a stabilizing influence at the beleaguered company. Many consider a successful takeover of the company unlikely without the blessing of Mr. Tisch.

CBS concentrated heavily on marketing the tv network in 1985 and 1986, efforts sharpened by a general downturn in the over-all network economy in 1985, which saw three network revenues decline nearly 3% to $8.31 billion, the only single-year drop since cigarets were taken off the air in 1971.

CBS became the first network to sell stand-alone 15-second spots, a policy since adopted by its rivals. The network in part hopes to attract new advertisers to the medium via the shorter unit. So far the success of the venture is uncertain. CBS also aggressively courted advertisers by cutting multiyear deals, including an unusual late-night multiyear contract with Procter & Gamble. The network also initiated an early assault on the "upfront" children's market, in which advertisers purchase inventory 52 weeks in advance. By cutting early deals with advertisers, CBS secured more than half of all children's advertiser budgets, despite its second-place position in Saturday morning viewership.

The network's program schedule also underwent dramatic change. While CBS audience circulation in 1984 was matched in 1985, the network still slid to second place behind NBC. This was the first such decline for CBS in five years. The network's staple programing—"Kate & Allie," "Newhart," "60 Minutes," "Murder, She Wrote," "Knots Landing"—maintained ratings strength in 1985-86. CBS' "Sunday Night Movie" was also a major success for the network. However, "Dallas" suffered some ratings erosion.

CBS' new product development was also weak last year. The only shows developed in 1985 that will return to the 1986 schedule are "Twilight Zone" and "The Equalizer." CBS was once again forced to recast its Wednesday night schedule in 1986-87. Wednesday has been the weakest night on the CBS schedule. In a risky move, the network will move "Knots Landing" to 9 p.m. (ET) from 10 p.m. The show will compete with two strong shows on the NBC schedule.

Special programs in 1985 included "Death of a Salesman" and miniseries "Space," "Kane & Abel" and "Christopher Columbus." "Space," telecast in April, 1985, was a major disappointment for the network. The other miniseries scored well in the Nielsen ratings. In another key development in programing, longtime program chief Harvey Shephard left the company for a post at Warner Bros. He was replaced by Kim LeMasters.

In sports, the network signed a new four-year contract with the National Basketball Assn. and the U.S. Open.

News underwent two major executive changes in 1986. Edward Joyce resigned under fire as president of the division earlier this year. In May, "The CBS Evening News with Dan Rather" replaced its executive producer, Lane Venardos, with Tom Bettag. The shift comes as "CBS Evening News," after five years as the top-rated network news show, fell to a tie with NBC's "Nightly News" in April. "The CBS Morning News" continued to lag the other network morning news shows in the ratings. A new prime-time news program, "West 57th," also premiered late 1985. The show has had lackluster ratings.

There was personnel turmoil in the entire division during the past year. As a result of the Turner assault, more than 125 jobs were eliminated. Then Don Hewitt, the "60 Minutes" producer, approached top management at the company about purchasing the entire news division. Representing a group of CBS employes, including Dan Rather, Mr. Hewitt expressed concern that the division might be sold in the event of a hostile takeover of CBS.

In July, 1985, CBS Radio acquired five radio stations from Taft Broadcasting Co. The new stations are KTLR-FM, Houston; WLTT (fm), Washington; KTXQ (fm), Dallas-Fort Worth; WSUN and WYNF (fm), Tampa-St. Petersburg. CBS Radio's RADIORADIO, a youth-oriented network, also added new program feeds last year.

The CBS Publishing Group underwent major changes. Management was revamped twice while 11 top execs—nine from Ziff-Davis and two from CBS—departed.

The increase of $91 million in revenues for the segment, up 15% in 1985, came largely from the 12-title consumer magazine group from Ziff. Profits declined sharply because of the charges associated with the acquisition.

Last September, a new CBS Magazine Network called Magnet was created out of the new group, comprising 11 magazines and 20 million readers. CBS added seven titles from the Ziff-Davis Magazine Network to its existing four.

MEDIA PROPERTIES

Broadcasting

TV: CBS Television Network, network owned stations—KCBS-TV, Los Angeles; WBBM-TV, Chicago; WCBS-TV, New York; WCAU-TV, Philadelphia.

RADIO: CBS Radio Network, RADIORADIO, network-owned stations—KNX, KKHR (fm), Los Angeles; KCBS, KRQR (fm), San Francisco; WBBM (am, fm), Chicago; WHTT (fm), Boston; KMOX, KHTR (fm), St. Louis; WCBS (am, fm), New York; WCAU (am, fm), Philadelphia; KTXQ (fm), Dallas-Fort Worth; KTLR-FM, Houston; WSUN, WYNF (fm), Tampa-St. Petersburg; WLTT (fm), Washington.

Magazines

American Photographer, Audio, Backpacker, Boating, Car & Driver, Cycle, Cycle World, Field & Stream, Flying, Home Mechanix, Modern Bride, Popular Photography, Road & Track, Skiing, Skiing Trade News, Stereo Review, The Runner, TV Crosswords, Woman's Day, Yachting.

OTHER OPERATIONS

CBS Records Group—CBS Records International, Columbia House, CBS Songs, CBS Masterworks (classical), CBS Music Video Enterprises, Winterland Productions (50%). CBS/Publishing Group—CBS Educational and Professional Publishing division: W.B. Saunders, TransMedica, Les Editions HRW Ltee., Canada; Holt, Rinehart & Winston Press. CBS/FOX (partnership with 20th Century-Fox). TRINTEX (partnership with IBM and Sears, Roebuck & Co.). Interest in SportsChannels, Rainbow Services.

RANK
28

Central Newspapers

Indianapolis

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	384	380	1.1
Total sales	384	380	1.1
Net income	N/A	N/A	N/A

Sales by media	**1985**	**1984**	**% chg**
Newspaper	383	379	0.9
Magazine	—	—	—
Broadcast	—	—	—
Cable	2	1	50.0
Outdoor	—	—	—

Central Newspapers, the nation's 28th largest media company, faces two directions at once—the slowing industrial/agricultural heartland from its Indianapolis headquarters, and the growing Sunbelt, from its major operation in Phoenix—and the financial performance of its papers in 1985 reflected "what was going on in the local economy," company executives say.

During 1985, a Central Newspapers publication for the first time topped the half-million circulation mark. The Sunday *Arizona Republic* passed that total with an average 508,008 for the six-month reporting period ended March 31, 1986, up 2% from the corresponding period a year earlier. The morning *Arizona Republic* also was up almost 2% to 331,491 during the same period.

The Phoenix market, despite its growth tied to electronics, aeronautical products, food processing and year-round tourist and sports activities—industries that enabled the market to surpass Indianapolis in the 1970s in population—could not isolate itself from the national trend of declining evening papers.

The *Phoenix Gazette* suffered the biggest drop in circulation in the chain, down 10% to 112,976.

A source at Phoenix Newspapers Inc. says the drop was caused mainly by the *Gazette's* change from carrier collections of subscription fees to "office pay" or central billing.

The resulting longer-term invoices, for higher amounts than the familiar weeklong charges, have tended to discourage some subscribers, the source says, who also adds that the *Gazette* circulation is moving up again in recent months.

Indianapolis, its growth stymied by the loss of gear and machine companies but actively engaged in a downtown renaissance, was inhospitable to the *Indianapolis Star* during the March 31, 1986, ABC reporting period in which circulation dropped 0.8%, to 225,759 daily, from a year earlier.

Central, concerned about sagging circulation at the *Indianapolis Star* during 1985, saw a drop in the evening *Indianapolis News* of 1.5% to 128,387 for the March reporting period, but the drop was less than the 2.2% decline experienced a year earlier. The Sunday *Indianapolis Star* total was up 0.5% to 394,643.

Other Central Newspaper properties are in Muncie, Ind., a university and manufacturing city with a population of 130,000, and Vincennes, a historic Wabash River port, university town, and farming center with varied manufactures and total city-county (Knox) population of about 43,000. Here, Elihu Root founded Indiana's first newspaper, the weekly *Indiana Gazette*, in 1804. The print shop burned, and in the summer of 1807, Mr. Root started the paper again as the *Western Sun*, the forerunner of today's Central Newspapers' daily, the *Vincennes Sun-Commercial*.

Circulation at the Sun-Commercial was off 3% to 14,846 for the daily and 3% to 16,097 for the Sunday edition. Circulation of the Muncie papers was flat. The morning daily *Muncie Star* dropped 1% to 29,374, and the *Muncie Evening Press* circulation dropped 2.1% to 15,408. The *Sunday Star* also dropped 1.5% to 35,193.

Two other specialized weeklies published by Phoenix Newspapers include the *Arizona Business Gazette* and *City Life*. Central president Frank Russel says the company is pleased with the performance of both. *Arizona Business Gazette*, issued Mondays, is a full-sized paper, founded in 1880. ABC shows 5,250 net paid for the Dec. 31, 1985, period, a 46% increase from 3,600 in 1984.

City Life, a Wednesday tabloid launched in 1983 and covering arts and entertainment, has a distribution of 23,000 nonpaid and displayed in free-standing racks and 90,000 inserted in Wednesday copies of the Republic and *Gazette*. Issues run about 56 pages each with a vellum cover and average about 90 ads for an advertising-editorial break of 52-48.

City Life advertising sales manager Pete Miles says, "We want to attract a broad base of readers, including those who may have stopped reading the 'regular' newspaper. Our readership is in the age 25-to-55 range—which is broader than our competition *New Times* with an 18-to-40-year range."

Central's Telegroup cable subsidiary offers videotex services called Teleguide at many of Phoenix's high-traffic locations—hotels, shopping centers, schools, transport terminals. Not a part of the Phoenix Telegroup are other Teleguide services in which Central has interests, operating in several California cities: Los Angeles, Sacramento, San Francisco and San Diego.

A major event of 1985 at Phoenix Newspapers Inc. was the resignation of publisher Darrow (Duke) Tully the day after Christmas. He left his position after stating that for 30 years he had fabricated information about Air Force service in the Korean and Vietnamese wars and a nonexistent degree from Purdue University.

He was replaced as publisher by *Arizona Republic* editor and columnist Pat Murphy, who had pursued and written the truth about his boss, leading to the resignation. Mr. Tully is now with Wick Newspapers as publisher of the *Williston* (N.D.) *Daily Herald* and ceo of the *Williston Plains Reporter* and Sidney (Mont.) *Herald*, both weeklies.

Referring to these changes, Central's Mr. Russel says: "Pat Murphy has full responsibility for the papers. We have run two credibility surveys, and they show that the papers have not been damaged by the Duke Tully affair."

In activities ancillary to newspaper production, Mr. Russel says the company has installed new state-of-art printing presses to enhance output at its Southwestern production plant in Mesa, Ariz.

The joint-venture project to develop a newsprint mill in Washington State has a slight setback with the withdrawal of one partner, the Chronicle Publishing Co. (*San Francisco Chronicle*), leaving Central, McClatchy Newspapers (*Sacramento Bee*), Kearns-Tribune Corp. (Salt Lake *Tribune*) and Copley Newspapers, San Diego. They are looking for a fifth partner, according to Mr. Russel.

Central Newspapers was the creation of Eugene Collins Pulliam, one of this century's patriarchal publishing titans. Mr. Pulliam, who died in 1975, created at least three newspaper chains, married three times, assembled considerable wealth and left an extended family of many journalist relatives. Rather than give Central Newspapers to the family, he left it in the hands of a three-person trust that is to run it until 21 years after the death of all his descendants living in 1973. Since the youngest of these was a great-grandson, then 2, that should keep Central in the trust's hands at least into the 2040s or 2050s.

MEDIA PROPERTIES

Newspapers (dailies)

ARIZONA: *Arizona Republic, Phoenix Gazette.* INDIANA: *Indianapolis News, Indianapolis Star, Muncie Press, Muncie Star, Vincennes Sun-Commercial.*

Newspapers (nondailies)

ARIZONA: *Arizona Business Gazette, City Life.*

Other media operation

Teleguide (videotex—Phoenix, Los Angeles, Sacramento, San Diego, San Francisco).

RANK
68

Chris-Craft Industries

New York

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	168	151	11.1
Total sales	190	171	11.5
Net income	18	(21)	(185.5)

Sales by media	**1985**	**1984**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	168	151	11.1
Cable	—	—	—
Outdoor	—	—	—

The tv division at Chris-Craft Industries Inc. showed strong revenue growth of 11.1% from its seven stations in 1985 over 1984 but a nominal 0.3% improvement to $42.7 million in operating income because of slow advertising growth and increased programing costs.

The division of New York-based Chris-Craft, which earned the company a 68th ranking among the nation's media company, is comprised of two units—BHC Inc., which owns and operates two vhf stations, and Minneapolis-based United Television Inc. (UTV), which owns and operates three vhf stations and two uhf stations and is 50.3% owned by BHC. The division also gained on Dec. 23, 1986, its fourth independent—KUTP-TV, a uhf station in Phoenix, the 23rd area of dominant influence, according to Arbiton.

The station group, ranked ninth among tv broadcasters, serving 10.3 million homes and covering 12% of the nation, operates in five of the nation's top 25 largest markets. Ad sales are boosted by near total inclusion in national spot ad campaigns and strong local advertising bases. In the past year, revenues from local advertisers slightly exceeded revenues from national spot advertisers. Value Line Investment Survey predicts advertising will be up 7% to 9% for 1986.

Los Angeles-based KCOP, the company's strongest station, posted record earnings in 1985, according to the company. Both Arbitron Ratings Co. and A.C. Nielsen Co. show the station recorded its largest audience during November, 1985. Arbitron had KCOP tied with the CBS owned-and-operated station, Monday through Friday, sign-on to sign-off. KCOP also is the only major market independent station to air first-run programing for 90 minutes in the 6 p.m.-to-8 p.m. time period.

Profits at KPTV, Portland, Ore., and KMSP-TV, Minneapolis, were hurt by entry into their markets of new uhf stations within the past few years.

A $5.8 million news upgrading in 1984 has strengthened news ratings at several stations: KCOP is within one rating point of tying the 10 p.m. news leader; KTVX-TV, Salt Lake City, an ABC affiliate, increased its early news share 36% from November, 1984, to November, 1985, and KPTV recorded its highest news ratings in the station's history.

At its annual meeting in May, Chris-Craft confirmed it was holding talks with MCA Inc. about becoming a minority partner in WOR-TV, Secaucus, N.J. MCA, a Los Angeles-based entertainment and real estate company, earlier agreed to buy the station from RKO General, a subsidiary of Akron-based GenCorp, and find a partner to help operate it. A Chris-Craft spokeswoman says the company is looking for possible acquisitions, although no particular station seems likely at press time.

In 1984, BHC and UTV agreed in principle to a corporate combination of their stations. As of June, 1985, that decision was postponed indefinitely. The tv division continues its association with Operation Prime Time, which offers first-run programing to independent stations.

Chris-Craft's total revenues grew 11.5% over 1984 as net income from continuing operations increased to $18.3 million compared with a loss of $21.4 million in 1984—a loss precipitated by a $28.1 million loss by BHC. That BHC loss was its equity share of large losses from discontinued operations by Warner Communications Inc. Chris-Craft switched from an Aug. 31 fiscal yearend to Dec. 31. All 1984 figures are unaudited.

In December, 1983, Chris-Craft swapped 42.5% of its tv broadcast properties in exchange for 19% of WCI stock in an effort to thwart a takeover attempt of WCI by Rupert Murdoch's News America Corp. Chris-Craft, through BHC and UTV, became WCI's largest shareholder. Chris-Craft has increased its holdings and now owns 29.3% of WCI securities.

In February, 1986, WCI agreed to increase its board of directors to 16, adding two and increasing Chris-Craft's representation on the board from three to six. The companies also agreed on methods and procedures for implementation of WCI's right of first refusal in the event of "certain tender offers for or other significant events."

Rumors of the WCI and Chris-Craft relationship persisted throughout the year: WCI would go private, or Chris-Craft would take it over, or Chris-Craft chairman Herbert J. Siegel would give up the battle for control of WCI and take Chris-Craft private with cash generated from selling its stake in WCI. Mr. Siegel controls 42% of the company.

According to Value Line Investment Survey, both Chris-Craft and WCI want to disentangle themselves from one another, yet no solution has been agreeable to both parties. However, a company spokeswoman says the two companies have no plans to break their ties, as both are making money and "everybody is happy."

Chris-Craft's income through ownership of WCI securities was $30 million, up 268% from 1984, reflecting the income gains by WCI on the sale of investments, record earnings in its filmed entertainment and recorded music division, improved results from its broadcast and cable communications division and reduced interest expense.

In other areas, subsidiaries of UTV gained minority interest in cellular telephone systems in Austin, Tex., in 1985. Applications for other markets await FCC lottery.

Chris-Craft's other operations are contained in an industrial division that manufactures continuous-web specialty films, foams and fiber materials. Its operating income of $1.9 million grew 14.3% in 1985 on revenues of $22 million, up 14%.

Among management moves, John C. Siegel, 33, and William D. Siegel, 31, sons of chairman Herbert Siegel, were elected vps in 1985.

MEDIA PROPERTIES

Broadcasting

TV: KCOP, Los Angeles; KPTV, Portland, Ore.; KMSP-TV, Minneapolis/St. Paul; KTVX, Salt Lake City; KMOL-TV, San Antonio, Tex.; KBHK-TV, San Francisco; KUTP-TV, Phoenix, Ariz.

RANK **46**

Chronicle Publishing Co.

San Francisco

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	255	231	10.4
Total sales	260	251	3.6
Net income	N/A	N/A	N/A
Sales by media	**1985**	**1984**	**% chg**
Newspaper	129	116	11.2
Magazine	—	—	—
Broadcast	93	84	10.7
Cable	33	31	6.5
Outdoor	—	—	—

Chronicle Publishing Co. reported modest gains from its newspaper, broadcast and cable operations in 1985, a year lacking the revenue stimuli provided in 1984 by the Democratic National Convention and the Super Bowl.

The nation's 46th largest media company, San Francisco-based Chronicle Publishing includes the *San Francisco Chronicle*, three tv stations and a cable tv operation. Newspaper operations in the Bay Area and in Illinois are the major producers, with revenues of $129 million, followed by the broadcast group's $93 million in revenues.

Extensive real estate holdings, as yet mostly in the development stage, make only a small contribution to total revenues, but a book publishing group and a videotex system (not classified as a media property) add another $5 million in sales to bring total corporate revenues to $260 million.

The company is wholly owned by the family trust of the M.H. de Young estate and has published San Francisco's leading newspaper since 1895. Publisher Richard Tobin Thieriot is a great-grandson of founder Michel H. de Young, as is Francis A. Martin III, president of Chronicle Broadcasting Co.

Daily circulation of the *Chronicle*, as reported in the March 31, 1986, ABC publisher's statement, was 553,258, down slightly from the 554,979 in the corresponding period a year earlier. The company's Sunday paper, under a joint operating agreement with Hearst Corp.'s *San Francisco Examiner*, shares 50-50 in the Sunday *Examiner & Chronicle*, which has a combined circulation of 709,398, down slightly from the 717,426 in 1985.

"Our 1985 circulation took a little beating," assistant publisher Phelps Dewey says, pointing to the lack of the big media events that captured the Bay Area in 1984 as affecting the year-to-year comparison.

"At present," he says, "the downward trend in circulation has reversed itself at the *Chronicle*."

The paper has taken a number of steps to upgrade the product, including a $40 million plant expansion in the East Bay Area, which is now in full operation. In April, 1985, it beefed up its business coverage on Mondays with an expanded Business Extra section, which Mr. Dewey reports has been "very successful."

Another extra feature was added on Mondays, the SportsExtra, made up of the normal sports section and six to eight extra pages of outdoor sports news, specially designed to appeal to the participating sports fan. The extra features, Mr. Dewey says, help make Monday editions more popular with advertisers.

Penetration rate of the *Chronicle*, criticized for being lower than most papers its size, is defended by Mr. Dewey, who notes, "We have the largest circulation area of just about any regional paper in the country." The area extends from Bakersfield in the south to the Oregon border, with the circulation from the coast deep into the state. Bulk of the *Chronicle* circulation, however, is Bay Area suburban "where we have a lot of competition from a some very respectable papers in San Jose, Oakland and Santa Rosa."

On the other hand, market penetration of the *Bloomington* (Ill.) *Pantagraph*, the company's other daily, is at the 87% level. The March 31, 1986, ABC figures for this smaller, concentrated market places daily morning circulation at 53,057 and 56,865 on Sunday, up from 52,941 and 56,104, respectively, in the year-earlier period.

The Bloomington market has been far less dynamic than the Bay Area. Seeds of rapid growth in that market have been planted, however, with the announced construction of Chrysler and Mitsubishi auto assembly plant there. "We're looking to substantial growth in that market in the next few years," Mr. Dewey says.

Chronicle Broadcasting Co. owns

FROM HEMLINES TO BY-LINES, WE COVER YOUR WORLD. ALL OF IT.

From fashion to the front page, you want a newspaper that people trust, believe and enjoy. If you're buying the New York ADI, that newspaper is The Record, serving Northern New Jersey's affluent, cosmopolitan residents. In fact, the readers you influence on the pages of The Record could spell the difference between success and failure in this demanding marketplace. So you should know that our total audience of 434,500 readers daily and 558,000 Sunday is 40 percent age 25–44, 67 percent married, 49 percent college educated, 43 percent white collar employed, and 80 percent own their own homes.

They're as concerned about style and fashion as they are about being informed. And they know The Record covers their world like no other newspaper in the market — and in full color, with award-winning reporting.

Call Chuck Hayes, National Advertising Manager, at 201-646-4257, and put your message where it reaches the trend setters of the New York ADI.

Source: The Scarborough Report, 1984
National Representative: Sawyer-Ferguson-Walker Co.

©1986, The Bergen Record Corp.

The Record
We cover your world. All of it.

KRON-TV, the NBC affiliate in San Francisco, which, according to Mr. Dewey, ranks No. 1 in the market in prime time and is second in news ratings only to KPIX-TV, the CBS affiliate. The company also owns NBC affiliate WOWT in Omaha, Neb., and KAKE-TV, the ABC affiliate in Wichita, Kan., both top stations in these markets.

Western Communications, the company's cable tv subsidiary, reports 177,000 subscribers, up from 150,000 in 1984, for its five cable systems. Western continues to experiment with pay-per-view operations and has been running commercial spots on its cable system in Monterey, Cal., the latter a move that will be extended to its other systems in the coming year.

The past year also saw Chronicle Information Services, a division of Chronicle Publishing, acquire Computer Sports World, a Las Vegas-based sports videotex operation. The new company's database offers sports scores, standings, statistics, injury reports and other sports information via home computers and telephone communications. Computer Sports World also offers statistical analysis for parimutuel betting.

Bay Area Teleguide, a public access videotex system in the company's CIS division, has increased the number of terminals in operation—mostly in heavily trafficked San Francisco locations—to more than 300. Two new branch offices are located in Palo Alto and Oakland. Total monthly accesses to the system now number about 6.1 million, Mr. Dewey says, pointing out, "When you get up into figures like that you know the system is beginning to become an advertising medium."

MEDIA PROPERTIES

Broadcasting

TV: KAKE-TV, Wichita, Kan.; KRON-TV, San Francisco; WOWT, Omaha, Neb.

Cable/video

SYSTEMS: CALIFORNIA: Butte County, Carmel-by-the-Sea, Carmel Valley, Chico, Clayton, Concord, Contra Costa County, Corning, Del Monte Forest, Del Ray Oaks, Glenn County, Hemet, Marina, Monterey County, Orland, Pacific Grove, Palm Springs, Salinas, San Mateo County, Seaside, South San Francisco, Willows. NEW MEXICO: Dona Ana County, Los Cruces, Mesilla.

Newspapers (dailies)

CALIFORNIA: *San Francisco Chronicle, San Francisco Sunday Examiner & Chronicle* (owned jointly with the Hearst Corp.). ILLINOIS: *Bloomington Daily Pantagraph.*

Other media operations

Chronicle Books.

OTHER OPERATIONS

Chronicle Videotex, Chronicle Productions, Chronicle Features, Computer Sports World.

RANK 39

Continental Cablevision

Boston

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	295	226	30.5
Total sales	295	226	30.5
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	295	226	30.5
Outdoor	—	—	—

The purchase of two cable systems helped push the cable subscriber count up 170,000 to 1,137,000 at Continental Cablevision, which showed a 30.5% revenue gain because of that subscriber growth in 1985.

Privately held Continental, the 39th largest media company, also participated in a large stock buy-back plan in early 1986 to lessen Dow Jones & Co.'s 25% interest in the company. Dow Jones is the only corporate stockholder in Continental.

Continental, based in Boston, is the seventh largest multiple system operator in the U.S., operating 92 cable systems in 14 states. It closed out 1985 providing basic service subscribers with 1.3 million supplemental pay tv subscription, a 17% increase over a year earlier. As a result of its acquisition of two systems during the year, the company's asset base increased to $676 million, up 18.6% over 1984.

In February, 1985, Continental purchased for $13 million the remaining 60% it did not own of Commonwealth Cable Corp., Westfield, Mass., serving the Springfield-Chicopee area. As part of the purchase, Continental acquired a 68% interest in Natick Cablevision Corp., Natick, Mass.

As a clustering strategy, the next month Continental also purchased 3,000-subscriber PCNH Inc. system in Hampton, N.H., from Tele-Communications Inc., Denver, for $3.3 million. The system name since has been changed to Continental Cablevision of New Hampshire. The following month, TCI assumed Continental's 50% interest in Stellar Continental Cable, Chicago, which the company divested for $5.5 million.

Continental's Jacksonville, Fla., system was its success story in 1985. The system had 82,000 subscribers when acquired by Continental in 1984. It reported 120,000 at the end of 1985.

Continental carries a systemwide pay to basic ratio of 1:1.5, ranking it among the top 10 companies in the industry with such a high ratio. In addition to pushing increased pay units, Continental's various operating entities are seeking advertising revenues generally on a local level. Some of the New England systems are hooked up to various interconnects. The majority of advertising sales, however, are handled by an in-house sales force on a system-by-system basis.

Continental last December issued $200 million in subordinated debt to raise funds to buy back 6 million shares in what was termed a recapitalization plan. Continental then paid Dow Jones $50 a share, or $100 million, for 2 million shares of Dow Jones' 3.1 million shares, reducing DJ's stake in the company to 17% from 24.7%.

DJ, which needed the cash to finance its acquisition of Telerate, a computerized financial data company, had purchased the stock in 1981 at $25 a share. Continental had only 450,000 subscribers when DJ invested in the company five years ago.

Continental's president, Amos Hostetter, assumed the post of chairman last February. Succeeding him as president was Timothy Neher, previously exec vp.

MEDIA PROPERTIES

Cable/video

SYSTEMS: CALIFORNIA: Continental Cablevision of California-Manteca/Lathrop, Stockton/San Joaquin County. ILLINOIS/IOWA/MISSOURI: Continental Cablevision of Cook County-Calumet City/Calumet Park/Dolton/Riverdale, Elmhurst/Berkeley/Oakbrook Terrace/Bensenville, Forest Park, Franklin Park/River Grove/Rosemont/Schiller Park, Lombard, Unincorporated DuPage County, Westchester/Hillside, Westmont/unincorporated Westmont, Elmwood Park; Continental Cablevision of Illinois-Freeport/Cedarville/Stephenson County, Keokuk/Carthage/Hamilton/Warsaw, Kewanee, Lincoln/Logan County, Morton, Pekin/Groveland, Marquette Heights/N. Pekin/S. Pekin/Tazewell County/Tremont, Quincy; Continental Cablevision of Morton Grove-Morton Grove; Continental Cablevision of St. Louis County-Belleville/Fairview Heights/O'Fallon/St. Clair County/Swansea, Jennings/Bellefontaine Neighbors/Country Club Hills/Flordell Hills/Moline Acres, Northwoods/Pine Lawn/Riverview/Wherry Housing Base, Breckenridge Hills/Brentwood/Clayton/Edmundson/Maplewood/St. Ann/University City/St. Louis County-Area B/Overland/Maryland Heights. CONNECTICUT/MAINE/MASSACHUSETTS/NEW HAMPSHIRE: Continental Cablevision of Connecticut-Enfield; Continental Cablevision of Brockton-Brockton; Continental Cablevision of Massachusetts-Beverly/Hamilton/Marblehead/Wenham,Newton/Wayland/Wellesley/Weston, Reading, Saugus, Watertown; Continental Cablevision of Needham-Needham; Continental Cablevision of Northhampton-Deerfield/Bernardston/Northfield/Sunderland, Northampton/Hatfield/Williamsburg; Continental Cablevision of Southern Massachusetts-Berkeley/Dighton/Freetown, Hanson/East Bridgewater/Holbrook/West Bridgewater/Whitman, Middleboro/Lakeville, Stoughton/Avon/Easton/Raynham; Natick Cablevision-Natick; Continental Cablevision of Springfield-Longmeadow/Springfield; Rockingham County Cablevision-Hampstead/Plaistow, Continental Cablevision of Western Massachusetts-Agawam/Granby/Holyoke/S. Hadley/Southwick/Westfield/West Springfield; Continental Cablevision of Winchester-Winchester; Continental Cablevision of New Hampshire-Concord/Allenstown/Boscawen/Bow/Pembroke/Hopkinton, Dover/Rollinsford/Somersworth/Berwick/S. Berwick, Lawrence/Methuen/North Andover, Portsmouth/Eliot/Greenland/Hampton/Kittery/New Castle/Rye/Stratham, Saco/Old Orchard Beach, Salem/Derry; Pease Cablevision-Pease Air Force Base. FLORIDA: Continental Cablevision of Jacksonville-Jacksonville; Cablevision Service Co.-Bristol-Alexandria/Bridgewater/Bristol/New Hampton, Hillsboro-Antrim/Derring/Hillsboro/Henniker, Seacoast-Durham/Epping/Exeter/Hampton Falls/Newfields/Newmarket/North Hampton/Raymond/Seabrook. NEW YORK: Vision Cable of Staten Island-Borough of Staten Island. MICHIGAN: Continental Cablevision of Michigan-Holland, Jackson/Blackman Township, Lansing/Dewitt/Eaton Rapids/Grand Ledge/Delhi, Delta Township/Dewitt Township/Eaton Rapids Township/Hamlin Township/Lansing Township/Oneida Township, Roseville; Continental Cablevision of Oakland County-Dearborn Heights, Hazel Park, Madison Heights, Oak Park, Southfield/Lathrup Village, West Bloomfield Township, Westland. MINNESOTA/NORTH DAKOTA: Continental Cablevision of St. Paul-St. Paul; Continental Cablevision of North Dakota County-Inver Grove Heights/Lilydale/Mendota/Mendota Heights/S. St. Paul/Sunfish Lake/W. St. Paul. OHIO: Continental Cablevision of Ohio-Athens/The Plains, Bay Village/Avon Lake, Bellevue/Clyde/Green Springs, Butler Township/Clayton/Englewood/Madison Township/Randolph Township/Trotwood/Union/Vandalia, Eastlake/Fairport Harbor/Grand River/Timberlake/Wickliffe/Willoughby/Willoughby Hills, Elyria/Carlisle, Elyria Townships, Fairborn/Donnelsville/Enon/New Carlisle/Bath Township/Bethel Township/Mad River Township, Finley/Arlington/McComb/Mt. Cory/Rawson/Van Buren, Fostoria/Tiffin/Arcadia, Galion/Crestline/N. Robinson, Haber Heights/Harrison Township, N. Ridgeville/Amherst/S. Amherst/Amherst Township, Norwalk/Milan/Monroeville, Springfield/Harmony, Moorefield, Pleasant Township/Springfield Township/South Vienna Village, Kettering/Beavercreek/Beavercreek Township/Bellbrook/Centerville/Clearcreek Township, Corwin/Franklin Township/Miamisburg/Miami Township/Moraine/Oakwood/Springboro/Sugar Creek/Washington Township/Wayne Township/Wayneville/West Carrolltown, Upper Sandusky/Nevada, Willard/Attica/Greenwich Village/New Haven/New Washington/North Fairfield/Plymouth/Republic/Shiloh, Xenia/Cedarville/Jamestown/New Jasper/Silver Creek/Spring Valley/Wilberforce/Cedarville Township/Spring Valley Township/Xenia Township; Insight Communications-Franklin et al. VIRGINIA: Continental Cable of Richmond-Richmond; Continental Cablevision of Virginia-Ashland, Goochland County, Hanover County, Henrico County, James City County, York County.

RANK 38

Copley Newspapers

La Jolla, Cal.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	304	280	8.6
Total sales	308	285	8.1
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	304	280	8.6
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Copley Newspapers recorded another year of continued growth for all its newspapers in 1985 in increasing companywide media revenues by 7.9% over 1984. Earlier this year the company acquired its 12th daily.

La Jolla, Cal.-based Copley, which operates newspaper properties concentrated in California and Illinois, also runs the profitable Copley News Service. The company's only nonmedia activities include a resort hotel and a computer service.

Copley, ranked the 38th largest media company, had combined daily circulation from its five California papers and six Illinois papers exceeding 727,500, up from 711,600 a year earlier, according to Robert F. Crouch, vp-finance.

The company's expanded coverage in a rezoned market area in San Diego resulted in increased circulation of its flagship newspapers, the morning *San Diego Union* and the evening *San Diego Tribune.* The *Union* reported an average daily circulation of 234,004 for the March 31, 1986, ABC audit period, up 5.1% from the same period in 1985. The evening *Tribune's* average daily numbers rose to 124,724, up 1.7%.

Copley president Hubert Kaltenbach attributes much of the San Diego circulation growth to the expanded coverage in five zones: Central or metropolitan, North County, North Coastal, South Bay and East County. Both the morning *Union* and the afternoon *Tribune* went from three to five main editions that were geared to meet the population growth in these metropolitan and suburban areas.

The broader coverage included communities served by smaller widely read evening newspapers, such as the *Californian* in El Cajon, *Times-Advocate* in Escondido and *Blade-Tribune* in Oceanside. Both Copley newspapers are expanding neighborhood news to win over new subscribers who have moved to San Diego to work in the growing high-technology and biomedical fields.

Advertiser acceptance of the new zones, however, has yet to meet earlier expectations at Copley. After failing to attract sufficient ad revenues, last fall the *Union* and *Tribune* cut back the number of days it sells space in its zones from six days a week to three.

Early this year Copley expanded its Midwest media base with the acquisition of the *Courier* in Lincoln, Ill., a daily with circulation of 7,000. The company's other Illinois newspapers include the *State Journal-Register* in the capital city of Springfield and five other dailies that ring metropolitan Chicago. All posted modest circulation gains during the past year.

Going into 1986, Copley's cable tv partnership, Copley/Colony Inc., began to generate its first revenues from its ownership and operation of cable tv systems in Southern California. The partnership is a joint venture with Colony Communications, owned by the Providence Journal Co., Providence, R.I.

The corporation currently has six cable franchises: Wilmington, San Pedro, Harbor City, Lomita, Costa Mesa and Cypress. It also covers part of unincorporated Orange County, which is presently inactive because there are too few homes to justify new construction. However, at the end of 1985 the cable franchises included more than 97,000 homes, with construction of five of the six franchises now virtually completed.

Copley continues to operate an electronic classified ad service called CLEO (Computer Listing of Employment Opportunities) in California. The service lists jobs in professional and technical areas, such as engineering and computer programing. The ads are purchased by area businesses and accessed by personal and business computer users via telephone. The system has been expanded from its base in Los Angeles to include all major metro areas in California.

The past year saw Copley put a hold on its negotiations with Chronicle Publishing and Hearst Corp. in San Francisco, McClatchy Newspapers in Sacramento, Kearns-Tribune Co. in Salt Lake City and Phoenix Newspapers Inc. to form an entity called Ponderay Corp., which would produce newsprint in Washington state. The venture was expected to be operational by 1987, but now Mr. Crouch of Copley says a decision probably will be forthcoming in the next several months.

MEDIA PROPERTIES

Cable/video

SYSTEMS: CALIFORNIA: San Pedro-Wilmington-Harbor City, Lomita and portions of unincorporated areas, Los Angeles County, Costa Mesa, Cypress, unincorporated area in Orange County.

Newspapers (dailies)

CALIFORNIA: *San Diego Evening Tribune, San Diego Union, San Pedro News-Pilot, Daily Breeze* (Torrance), *Santa Monica Evening Outlook.* ILLINOIS: *Aurora Beacon-News, Elgin Courier-News, Joliet Herald-News, Lincoln Courier, Springfield State Journal Register, Waukegan News-Sun, Wheaton Daily Journal.*

Newpapers (nondailies)

CALIFORNIA: *Borrego Sun.* Also, 23 nonpaid circulation weeklies and shoppers associated with dailies.

Other media operations

CLEO (electronic classified ad service); Copley News Service; Copley Press.

Reach the people who buy in your markets. Advertise in these Chilton publications.

Automotive
Automotive Industries
Automotive Marketing
Motor Age
Commercial Carrier Journal
Owner Operator
Product Development
Product Design & Development
Distribution Management
Distributor News
Eye Care
Review of Optometry
Food and Beverage
Food Engineering
Food Engineering International
Food Engineering Master
Hi-Tech
Electronic Component News
IAN
I&CS
Metal and Metalworking
Iron Age Manufacturing Mgt
Iron Age Metals Producer
Retailing
Jewelers' Circular - Keystone
Hardware Age
Physical Distribution
Distribution
Plant Operation
Industrial Maintenance & Plant Operation
Safety
Industrial Safety & Hygiene News

Chilton

ONE OF THE ABC PUBLISHING COMPANIES

OTHER OPERATIONS

La Casa del Zorro (resort hotel); Copley Computer Services.

Paper raises promo ante

Times Journal Co. spent almost $500,000 in radio advertising in its Washington market promoting circulation and classified advertising for the Journal papers in 1984 and 1985. The company has added tv in 1986, much of it in support of its redesigned Friday real estate section—now a tabloid insert—and will spend an estimated $1.5 million in radio and tv promotional efforts. The campaign covers the five suburban daily newspapers.

RANK

Cowles Media 47

Minneapolis

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	241	232	3.7
Total sales	241	232	3.7
Net income	19	16	22.3
Sales by media	**1985**	**1984**	**% chg**
Newspaper	241	232	3.7
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

With circulation of its western states properties showing slight decreases—attributed to the depressed agricultural economy—and circulation at its Minneapolis paper holding close to year-earlier levels, Cowles Media Co. registered only slight revenue gains in 1985.

The Minneapolis-based company, whose lead property is the *Minneapolis Star & Tribune*, ranked the 47th largest media company in 1985 on the basis of its media revenues, which were up only 3.7% over the previous year. However, earnings increased by 22% to $19.2 million. Cowles' revenues and earnings come 100% from media.

The daily *Minneapolis Star & Tribune* had a decline of less than 1% in circulation to 382,499 for the six-month ABC report ended March 31, 1986. The Sunday *Star & Tribune*, however, showed a 3% increase to 612,604. James Alcott, vp-administration for Cowles, attributes the growth to editorial improvements made over the past two to three years. He says the new subscriptions came from the paper's primary market area.

Knight-Ridder Newspapers's competing *St. Paul Pioneer Press & Dispatch* showed a 5.6% decline in its daily circulation and a slight decline in Sunday.

The *Star & Tribune* raised its single copy price for the daily to 35 cents from 25 cents, and the Sunday price to $1.25 from $1. The increase was attributed to rising production costs.

Cowles announced this spring that it will accelerate its move to a new printing and production plant. Originally scheduled to be built in stages, reaching completion between 1985 and 1992, the plant now will be completed by late 1987. The company says it will save $10 million by this change, bringing the cost down to $100 million. The first two presses in the new plant will begin running in April, 1987, with the remaining three in operation by early 1988.

In November, 1985, Cowles sold its Information Publishing unit, a commercial printer, to American Spirit Company. After offsetting tax benefits, the proceeds of the sale were reported to be $2.9 million.

Cowles is monitoring the progress of its videotex pilot program, launched in October, 1985, and working to improve the service it provides to shoppers in the city's skyway system. The company reports it is getting 45,000 to 50,000 "touches" a week on its touch-screen information terminals. The first advertiser contracts are up for renewal this October.

The company is planning its growth strategy and is not ready to reveal what steps it might take, although expansion plans might include acquisitions in either print or broadcast.

The *Rapid City Journal* moved into a new $8 million printing and mailroom plant this year and David C. Sharp became president and publisher of the paper in November. He had been director of advertising.

David Cox became Cowles ceo; he already held the title of president.

MEDIA PROPERTIES

Newspapers (dailies)

MINNESOTA: *Minneapolis Star & Tribune*. MONTANA: *Great Falls Tribune*. SOUTH DAKOTA: *Rapid City Journal*. IDAHO: *South Idaho Press*.

Newspapers (nondailies)

COLORADO: Sentinel newspapers in Arapahoe, Arvada, Aurora, Commerce City, Englewood, Lakewood, Littleton, North Glen-Thornton, South Jefferson, Westminster, Wheat Ridge; IDAHO: *Minidoka News, Reminder Shopper*.

OTHER OPERATIONS

Sun Communities Directories Inc.

RANK

Cox Communications 13

Atlanta

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,326	1,226	8.2
Total sales	1,376	1,271	8.3
Net income	N/A	N/A	N/A
Sales by media	**1985**	**1984**	**% chg**
Newspaper	644	587	9.7
Magazine	—	—	—
Broadcast	261	234	11.5
Cable	421	405	4.0
Outdoor	—	—	—

The merger of Cox Communications into Cox Enterprises Inc. in 1985 created the 13th largest media company in the U.S. It cost the Cox family $1.26 billion to acquire the nearly 60% of stock it did not own in Cox Communications.

The combined unit reports 1985 media revenues of $1.37 billion, up 7% from revenues of both companies in 1984 before consolidation. Newspapers generated $644 million of the revenue; broadcasting, $311 million, and cable, $421 million, according to Cox Enterprises vp-cfo John R. Dillon. Broadcasting totals exclude a $50 million contribution from TeleRep, a media rep firm.

Anne Cox Chambers, once the U.S. ambassador to Belgium, and her sister, Barbara Cox Anthony, now lead a family that controls 97% of the stock of Cox Enterprises. Another 3% is reserved for management.

The company owns 21 daily newspapers, 22 weeklies and three monthlies. It also owns eight tv stations, 12 radio stations and 24 cable systems.

Marketing Assistance

At Chilton we build it, one step at a time

1 Pinpoint the Market. Chilton's Ad Chart/Ad Access is a marketing technique not only for identifying your best market by segment, job function, title and reader psychographic, but it can offer you the opportunity for field testing your product to determine pricing, new uses, or resistance.

2 Building your Market Strategy. Marketers can and do utilize Chilton's extensive library of thousands of statistical and marketing data references, magazines, newspapers and electronic databases to develop, track and benchmark their product and markets.

3 Evaluate the Inquiries. Chilton's Ad Recap can benchmark what an advertisement should do by product segment, job title, SIC or even geographically and trend that information over many years.

4 Quick Reader Response. Chilton's state-of-the-art Rapid Inquiry System closes the loop between reader, publisher and advertiser electronically using the touch tone phone, our computer and the advertiser's computer.

For more information on any Chilton service or publication, write Corporate Marketing Department, Chilton Company, Radnor, PA 19089. Chilton is an operating unit of ABC Publishing.

Chilton

abc

ABC PUBLISHING

Cox in March, 1985, added the *Or-nge Leader* in Orange, Tex., to its newspaper stable. The daily has a 0,835 circulation, according to ABC udit reports for March 31, 1986. Cox old Guide Newspapers in New Oreans after accusing the New Orleans *Times-Picayune* of using predatory pricing to try to monopolize the area's uburban print advertising market. *Times-Picayune* eventually bought the ival Guide's printing plant and offices or $8 million. The lawsuit then was dismissed.

The company's flagship newspaper, he *Atlanta Constitution*, had circulaion of 251,042 for the six months nded March 31, 1986, compared with 35,044 for the same period in 1984, ccording to ABC.

The afternoon *Atlanta Journal* ciulation averages rose to 187,816 from 85,112.

In broadcasting, the company in arly June, 1985, agreed to buy WFTV n Orlando for $185 million, or $60 million more than SFN Cos. paid for he station 11 months earlier. The ABC affiliate is the eighth tv station owned by Cox.

In cable, Cox has embarked on a program to sell almost 30 of its operaions. Among those sold after December or pending sale are Lewistown, Lockhaven and Tyrone, in Pennsylvania; The Dallas and Lower Columbia, in Oregon, and Great Neck, N.Y.

Cox boasts 1,318,260 basic cable subscribers, an increase of 3.9% over 1984. Its system in San Diego, Cal., is the largest in the U.S., with 266,125 subscribers.

Even with its divestiture of 282,000 customers, Cox remains the fifth largest multiple system operator in the country, according to Cabletelevision Advertising Bureau. Cox Cable reports an 11% increase in revenues.

Despite all the activity, Cox says it remains on an even course. "The Cox family has controlled both of these companies," Mr. Dillon says. "So it's really business as usual." And the usual is a far cry from the 1890s when 28-year-old James M. Cox paid $26,000 for the Dayton *Evening* (now *Daily*) *News*.

Twenty-two years later, Mr. Cox, by then also owner of the *Springfield* (O.) *Press-Republic*, was running for president.

Cox lost that 1920 race to Warren G. Harding. His running mate: A young New Yorker named Franklin Delano Roosevelt. After losing the election, Cox devoted himself to the media business, acquiring WHIO, the first radio station in the Dayton area in 1934.

Today, WHIO is No. 1 in am radio in Dayton with its adult contemporary format. And WHIO-FM's "beautiful music" format topped the fm list.

Cox also has established TeleRep, its national tv sales representation company. Cox says TeleRep is the third largest rep company in the U.S. in both billings and coverage. Coverage exceeded 63% of the nation in 1985.

Cox's Television Programming Enterprise is involved in syndicating several popular shows, including "Entertainment Tonight," "Star Search" and "Lifestyles of the Rich and Famous." It plans a new entry this fall called "You Write the Songs," a showcase for talented new songwriters with Ben Vereen as host.

In September, Cox plans to syndicate the popular network cartoon program "The Smurfs."

Cox, which bought *On Cable* cable tv program guide in 1984, ceased publication during 1985. It closed the 1.5 million circulation monthly in the face of tough competition from the 5.5 million circulation *Cable Guide*. *On Cable's* general manager says when Cox went private, efforts at a merger collapsed and *On Cable* was stopped because it was unprofitable.

Cox reports one major change in personnel.

James O. Robbins took over as president of the Cable Television Division, replacing David Van Valkenberg, who joined a cable operation in Denver.

The company also has minority interests in two Florida papers, both nonconsolidated subsidiaries whose performances are not reflected in the revenue figures. They are the *Miami News*, once rumored to be about to close because of a circulation slide (that slide continued with circulation of 58,387 in March 31, 1986, vs. 60,286 in the previous ABC reporting period), and the *News* and *Journal* in Daytona Beach. Cox owns 49% of the Daytona Beach operation; 15% of the *Miami News*.

The *News* operates under a joint operating agreement with Knight-Ridder's *Miami Herald*.

Cox also owns 80% of Landsburg Co., which develops network series, movies and first-run syndication programs mainly for broadcast tv.

Cox's newest tv acquisition, WFTV in Orlando, continued for a seventh year to be the news leader in its market. Its Dayton, O., station, WHIO-TV, has led the market in news for at least a decade. It has double the news audience of the second-place station.

In Atlanta, Cox's headquarters city, ABC affiliate WSB-TV, the flagship station, is locked in what the station's vp-general manager Andrew Fisher calls a "back and forth battle" with Storer's CBS affiliate WAGA-TV and Gannett's WXIA-TV NBC affiliate for dominance in the crucial 6 p.m. news hour.

Recent Arbitron figures show WSB-TV with a 15 rating and 26 share for that time period; WAGA-TV, with 16/27, and WXIA-TV with 14/24. The February Nielsen's showed WSB-TV with a 16/28; WXIA-TV with 16/27, and WAGA-TV with 14/24. Says Mr. Fisher, "It's so close that it's fair to say it's a tie."

Media companies by estimated broadcast revenues

Company	Broadcast revenues 1985	1984	1985 media revenues	B-cast revs % of media revs	Number of stations am	fm	vhf	uhf
Capital Cities/ABC	$3,094	$3,272	$3,841	80.5	9	8	7	1
CBS Inc.	2,785	2,721	3,170	87.9	7	11	4	3
RCA Corp.	2,648	2,371	2,648	100.0	3	5	5	0
Westinghouse Electric Co.	539	495	1,069	50.4	6	6	5	0
Kohlberg Kravis Roberts Co.	278	285	768	36.1	0	0	4	2
Tribune Co.	273	237	1,684	16.2	3	2	4	2
Gannett Co.	265	233	2,153	12.3	8	9	6	2
Cox Enterprises	261	234	1,326	19.7	5	7	6	2
Hearst Corp.	224	204	1,540	14.5	4	3	6	0
RKO General	213	200	213	100.0	7	6	1	0
Turner Broadcasting Co.	206	177	332	61.9	0	0	0	1
Taft Broadcasting Co.	190	172	190	100.0	7	8	7	5
Chris Craft Industries	168	151	168	100.0	0	0	4	3
A.H. Belo Corp.	164	—	385	42.6	2	2	5	0
Washington Post Co.	155	136	1,037	14.9	0	0	4	0
Oklahoma Publishing Co.	154	141	411	37.5	2	1	4	3
Multimedia Inc.	153	135	336	45.6	4	4	4	1
LIN Broadcasting Corp.	146	129	163	89.8	4	5	4	3
Scripps Howard	135	118	900	14.9	2	2	6	4
Times Mirror Co.	129	125	2,171	5.9	0	0	5	1
Hubbard Broadcasting	125	115	125	100.0	3	2	4	1
Bonneville International Corp.	120	119	120	100.0	5	7	2	0
Outlet Communications	115	105	115	100.0	1	3	5	2
Meredith Corp.	115	104	356	32.2	0	0	5	3
H&C Communications	101	73	102	99.1	1	0	7	0
John Blair & Co.	99	89	549	18.1	4	4	3	2
Chronicle Publishing	93	84	255	36.5	0	0	3	0
Pulitzer Publishing Co.	91	81	272	33.5	5	2	1	1
Viacom International	84	71	376	22.2	4	6	4	1
McGraw-Hill	83	82	1,031	8.1	0	0	3	1
Allbritton Communications	78	71	122	63.9	0	0	5	0
Harte-Hanks Communications	74	71	550	13.5	0	0	4	0
Knight-Ridder Newspapers	65	63	1,679	3.9	0	0	8	0
A.S. Abell Co.	55	56	235	23.4	0	0	1	0
Lee Enterprises	52	49	183	28.3	2	2	5	0
Park Communications	50	47	105	47.0	8	7	4	1
Freedom Newspapers	45	45	325	13.8	0	0	5	0
New York Times Co.	42	38	1,394	3.0	1	1	2	3
Media General	42	35	331	12.6	0	0	2	1
Journal Co.	40	26	216	18.4	2	2	2	1
Dispatch Printing Co.	36	33	156	23.2	1	1	2	0
Landmark Communications	36	28	259	13.9	1	1	2	0
Providence Journal Co.	32	28	208	15.1	0	0	1	2
Ackerley Communciations	28	20	104	27.0	2	1	3	2
Donrey Media Group	28	27	237	11.8	4	3	1	0
Rollins Inc.	27	24	100	27.3	5	1	3	1
Macromedia Inc.	22	22	120	18.7	0	0	3	1
Stauffer Communications	21	19	96	22.3	4	3	2	1
Harcourt Brace Jovanovich	18	16	137	13.1	0	0	2	1
Howard Publications	18	16	178	10.1	0	0	1	0
Affiliated Publications	17	16	366	4.5	3	6	0	0
McClatchy Newspapers	14	12	275	5.1	2	2	0	0
Blade Communications	13	10	174	7.5	0	0	1	3
Heritage Communications	2	—	96	1.9	0	0	2	1
Crain Communications	0.1	—	102	0.1	0	1	0	0

NOTE: Dollars in millions

Sources: Broadcast and media revenues are Advertising Age revenues
Companies supply number of stations

MEDIA PROPERTIES

Broadcasting

TV: KDNL-TV, St. Louis; KTVU, Oakland-San Francisco; WHIO-TV, Dayton, O.; WFTV, Orlando, Fla.; WKBD-TV, Detroit; WPXI, Pittsburgh; WSB-TV, Atlanta; WSOC-TV, Charlotte, N.C.

RADIO: KFI, KOST (fm), Los Angeles; WCKG (fm), Chicago; WHIO (am, fm) Dayton, O.; WIOD, WAIA (fm), Miami; WSB (am, fm), Atlanta; WSOC (am, fm) Charlotte, N.C.; WZGO (fm), Philadelphia.

Cable/video

SYSTEMS: CALIFORNIA: Bakersfield, Eureka, San Diego, Santa Barbara. CONNECTICUT: Hartford. FLORIDA: Gainesville, Ocala, Pensacola. GEORGIA: Macon, Warner Robbins. ILLINOIS: Quad Cities. IOWA: Cedar Rapids. LOUISIANA: Jefferson Parish, New Orleans. MICHIGAN: Saginaw. NEBRASKA: Omaha. NEW YORK: Staten Island (under development). OHIO: Cleveland. OKLAHOMA: Oklahoma City. RHODE ISLAND: Cranston/Johnston. SOUTH CAROLINA: Myrtle Beach. TEXAS: Lubbock. VIRGINIA: Roanoke, Tidewater. WASHINGTON: Spokane.

Magazines

Kenner Plus, Palm Beach Dining and Entertainment Guide, Palm Beach Life Magazine.

Newspapers (dailies)

ARIZONA: *Chandler Arizonan, Mesa Tribune, Tempe Daily News, Yuma Sun & Sentinel.* COLORADO: *Daily Sentinel* (Grand Junction). FLORIDA: *Evening Times, Miami News, Palm Beach Daily News, The Post* (West Palm Beach). GEORGIA: *Atlanta Constitution, Atlanta Journal.* OHIO: *Dayton Daily News, Journal Herald, Springfield News-Sun.* TEXAS: *Austin American-Statesman, Longview Daily News, Longview Morning Journal, Longview News-Journal, Lufkin Daily News, Orange Leader, Port Arthur News, Waco Tribune Herald.*

Newspapers (nondailies)

ARIZONA: *Arizona Pennysaver* (Mesa), *Arizona Spirit, Valley Foothills News* (Yuma). COLORADO: *Delta County, Shopping News.* FLORIDA: *Delray Beach/Boynton Beach News Journal, Florida Pennysaver* (West Palm Beach). LOUISIANA: *Apartment Shopper, East Orleans Guide, Jefferson Business, Kenner City News, Metairie Guide* (Gretna), *St. Bernard Guide, West Bank Guide.* OHIO: *DownTowner* (Dayton), *Town & Country Guide, Tri-County Shopper News* (Springfield). TEXAS: *Ad Pak* (Longview), *Community Post, Mid-Week Waco, Opportunity Valley News* (Port Arthur), *Shopper of East Texas* (Lufkin).

OTHER OPERATIONS

Cybertel radio common carrier, Datext Inc., Landsburg Co., Southeast Paper Manufacturing Co., TSC Express Co.

RANK
Crain Communications 94

Chicago

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	102	86	19.0
Total sales	109	96	15.3
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	102	86	18.9
Broadcast	0.1	—	—
Cable	—	—	—
Outdoor	—	—	—

Crain Communications Inc., a new entry to the list of top 100 media companies, is in a period of digestion following a number of startups, relaunches and other editorial and business-side moves in 1985.

Crain, ranked 94th among the media companies in 1985, is called "one of the fastest-growing companies in publishing" by the *Wall Street Journal.* In 1985, the company's total revenues grew by 15.3% as its media business increased by 19%. The company focuses on specialty business publications such as ADVERTISING AGE, *Automotive News, Crain's Chicago Business* and *Crain's New York Business.* Publications represent 93% of total company revenues. Printing and consumer operations account for the remainder.

The Chicago-based company is expected to resume its ambitious growth activities after its digestive phase, which was not an inactive period on the acquisition side. The company in March purchased *Media World,* a London-based monthly covering the U.K. media scene.

A key development in 1985 was the introduction of two new weekly business publications: *Crain's New York Business* and *Crain's Detroit Business,* which join *Crain's Chicago Business* and *Crain's Cleveland Business. CNYB,* with a circulation of about 85,000, was introduced in January, 1985, and is facing fierce competition in the New York market.

The $7 million Crain expects to spend on the startup of *CNYB,* which has had a number of editorial-side changes since its debut, makes it the company's most expensive launch. To help reduce the competition *CNYB* has encountered, Crain in August, 1985, bought a rival local business paper, *New York CityBusiness,* from MCP Inc., Minneapolis, and merged it into *CNYB.*

Last September saw the introduction of *Crain's New York Business* Radio Network, a customized business news minute prepared and reported by *CNYB* editorial staff.

Crain's Detroit Business, which was introduced in February, 1985, has a circulation for the six months ended Dec. 31 of 31,198, which included 13,966 paid. It is being called the company's fastest-growing publication in terms of subscribers and over-all acceptance.

ADVERTISING AGE continued its leadership in the advertising trade field while facing intense competition from other trade publications as well as stepped-up coverage of advertising, marketing and media in consumer magazines and newspapers. Circulation for the six months ended Dec. 31 rose 2.8% from the year-earlier period, to 87,469, although advertising linage was down about 8%.

Early in 1985, AD AGE revamped its *Thursday* edition to emphasize features and "soft" news articles rather than the original news focus the publication had when it was introduced in April, 1984. But advertisers still did not respond to *Thursday,* and publication was discontinued in March, 1986. Many of *Thursday's* features since have been combined into the traditional Monday edition.

The only other publication discontinued at Crain was *Crain's Illinois Business* which ceased publication in late May, 1986. The company cited insufficient advertising. The quarterly, founded in 1982, had a controlled circulation of 25,000. The company at the same time decided not to exercise an option to buy a 50% stake in *Washington Journalism Review,* owned by H&C Communications. The company recently ended an arrangement in which it assisted *WJR* in its noneditorial functions.

Automotive News published its largest issue ever Oct. 30, 1985, a 378-page special issue marking the centennial of the automobile. Its 190 ad pages represented $1.26 million in billings, a Crain record. Articles and photos from the issue appeared in 100 newspapers via the Crain Syndicate. *AN's* circulation for the six months ended Dec. 31 rose 3.9% from the year-earlier period, to 64,246.

AutoWeek, the auto-enthusiast newsweekly, last September disclosed plans to change to a glossy 8½-by-11-in. magazine format from its tabloid format in order to compete better with the "buff books," the mainstream consumer auto magazines. The change, which took effect with the Jan. 6, 1986, issue, enables *AutoWeek* to reproduce color photographs with higher quality. Its smaller size is expected to make the weekly more competitive on newsstands. Circulation for the six months ended Dec. 31 rose 12.5% from a year ago, to 161,111.

City & State, a new tabloid newspaper focusing on the financing of local and state governments, was introduced in January, 1985. Circulation for the six months ended Dec. 31 totaled 30,697, including 781 paid; a long-term goal is a circulation of 100,000. *C&S'* parent publication is *Pensions & Investment Age,* which has a circulation of about 40,000.

Crain's Chicago Business, which has had notable growth on the advertising side, last September began producing local business reports to be aired by WBBM radio, Chicago. Circulation for the six months ended Dec. 31 fell 0.7% from a year ago, to 46,681.

Detroit Monthly is the new name, effective January, 1986, of what formerly was known as *Monthly Detroit.* The city monthly doubled its circulation as of last October, adding an equal amount of controlled circulation to its paid circulation by matching the demographics of its paid subscribers. *Detroit Monthly's* paid circulation for the six months ended Dec. 31 rose 1.4% from the year-earlier period, to 40,561; with the controlled circulation of 40,000, total circulation exceeds 80,000. A new publisher, Patricia Venuti, formerly advertising director of *Crain's New York Business,* was named in May.

Modern Healthcare increased its frequency to 26 issues a year, beginning in January, 1985, from 16. Circulation is about 79,000.

Crain entered a new communications field, radio, in January, 1985, when it set up Crain Broadcasting, a new subsidiary, to operate WWUS (fm), Big Pine Key, Fla., serving Key West.

The station was acquired from Lower Keys Broadcasting Co. and its owner, Robert Bell. The station complements Crain publications *Florida Keys Magazine* and *Humm's Guide to the Florida Keys.* These two publications and a telephone sales unit comprise Crain Press, the Reno-based sector of which was sold.

Crain established a joint book publishing venture in March, 1985, with National Textbook Co., Lincolnwood, Ill., in which the latter took over the operation of Crain Books, which had been Crain's independent book division.

The company's nonmedia activities in 1985—primarily outside printing, seminars and computer services—accounted for $7.2 million in revenues, compared with $9.1 million in 1984.

In the personnel area, Crain last year named William Morrow as senior vp-operations, based in Detroit, from managing tax partner of the Detroit region offices of Touche Ross & Co. H.L. Stevenson, former editor-in-chief of United Press International, became corporate editor.

MEDIA PROPERTIES

Broadcasting

RADIO: WWUS (fm), Key West, Fla.

Magazines

Advertising Age, Advertising Age's Focus, American Clean Car, American Coin-Op, American Drycleaner, American Laundry Digest, Automotive News, AutoWeek, Business Insurance, Business Marketing, Crain's Chicago Business, Crain's Cleveland Business, Crain's Detroit Business, Crain's New York Business, Crain's Tire Business, City & State, Electronic Media, Florida Keys Magazine, Humm's Guide to the Florida Keys, Modern Healthcare, Detroit Monthly, Pensions & Investment Age, Rubber & Plastics News.

Other media operations

Crain News Syndicate.

OTHER OPERATIONS

Crain Computer Services

Spending A Little Dough On The Post-Dispatch Made You One Smart Cookie.

Ah, the sweet taste of success.

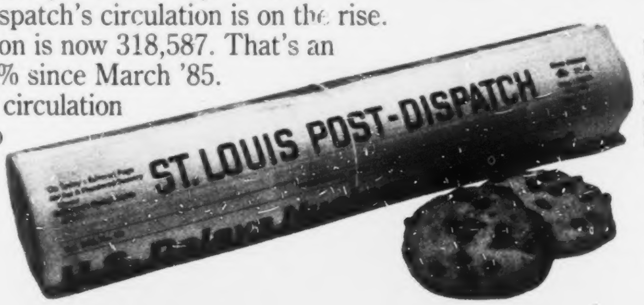
You knew the St. Louis Post-Dispatch was a good buy when you made it. But perhaps you didn't know exactly how smart you were.

The Post-Dispatch's circulation is on the rise. Daily circulation is now 318,587. That's an increase of 16% since March '85.

And Sunday circulation has climbed to 519,505. A 5% jump in the last year.

	MARCH '85	MARCH '86
Daily Circulation	273,784	318,587
Sunday Circulation	495,111	519,505

When our numbers look that good, you look like one smart cookie. All because you spent a little dough in just the right place.



Represented by Newhouse Newspapers.
ABC Newspaper Publisher's Statement, March 31, 1986.

Dispatch Printing Co.

RANK **72**

Columbus, O.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	156	152	2.8
Total sales	156	152	2.8
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	116	117	0.6
Magazine	2	2	15.0
Broadcast	36	33	10.0
Cable	—	—	—
Outdoor	—	—	—

Dispatch Printing Co., Columbus, ., took dramatic steps to reverse a ownward trend in circulation at its ad property, the *Columbus Dispatch*, y switching from evening to morning ublication, filling the time frame va- ated by its competitor, which shut own after termination of a joint oper- ting agreement between the two apers.

There was little movement on the evenue side at Dispatch Printing Co., he 72nd largest media company in 985, as revenues increased an esti- nated 2.8%. The private company, wned by the Wolfe family, publishes he only daily newspaper in Columbus nd a statewide regional magazine, nd also owns and operates two tv and wo radio stations.

Morning circulation and lack of ompetition, however, should stimu- te growth at the *Columbus Dispatch*, hich entered the morning field Jan. 1, 986. The switch marked the demise f Scripps Howard's *Citizen-Journal*, he market's longtime morning news- aper.

The beginning of the end for the cripps Howard paper began three ears ago when Dispatch Printing in- ormed Cincinnati-based Scripps oward it would not renew a joint op- rating agreement struck in 1959 and cheduled to expire Dec. 31, 1985. nder the JOA, the *Citizen-Journal* as housed and produced at the *Dis- atch* facility.

The JOA had become an albatross or Dispatch Printing, preventing the *ispatch* from converting to the po- ntially more lucrative morning mar- et. It also prevented the *Citizen-Jour- al* from becoming an afternoon aper. Scripps Howard closed the *Citi- en-Journal* on Dec. 31, 1985, rather han compete head-to-head with the *ispatch* in the morning, enter the af- rnoon market or sell the paper.

Dispatch Printing for a long time ad seen that more and more money ad to be spent on the *Dispatch* side ust to keep the numbers even," ac- ording to Terry De Vassie, assistant rculation director of the *Dispatch*, hile the *Citizen-Journal* "grew by its wn volition," he says, with promo- on supplied by the *Dispatch* as part of e JOA.

Just before the switch to morning, *ispatch* circulation dropped to less an 200,000. However, circulation for e three-month period ended March 1, 1986, rose to an unaudited 238,000 n a daily basis and 371,500 on Sun- ay. The *Dispatch* implemented an an- ual January rate increase, but a spe- al audit conducted by ABC will re- lt in an adjustment of the rates to eflect the current cost per thousand. Iost recent audited figures for the six- nonth period ended Sept. 30, 1985, laced circulation at 202,114 for the vening edition and 362,745 for the unday paper. Those figures represen- ed a slight decline from the preceding 2-month period.

Under the JOA, Scripps Howard as responsible for staffing and main- ining the *Citizen-Journal* on the edi- orial side, but the *Dispatch* provided xecutive positions and a separate cir- ulation staff for the *Citizen-Journal*. he same advertising staff served both apers. When it became apparent that e *Citizen-Journal* would cease publi- ation, the *Dispatch* operated with a ared-down crew in order to keep jobs pen for *Citizen-Journal* personnel in those departments for which it was responsible. As a result, the *Dispatch* was able to save jobs for *Citizen-Journal* executives, according to Mr. De Vassie, retaining salary and benefits, though not necessarily at the same position level.

Since the transition to morning, the *Dispatch* added 50 new employes to its editorial department to provide increased coverage, particularly in sports and local news. The *Dispatch* also increased coverage of the six counties contiguous to the paper's home, Franklin County. In August, 1985, the *Dispatch* launched a new zoned product, "Neighbor News," which covers six separate, marketable zones within Franklin County to serve advertisers and those readers.

The zoned editions replaced the paper's total market coverage product, which had suffered a lukewarm response from advertisers. *Dispatch's* tmc vehicle, in existence since 1978, had delivered advertiser's preprints within a midweek extra edition. But, Mr. De Vassie says, the program was disbanded in May, 1985, because the midweek edition "was usually void of preprints" and the zoned edition was already in the works.

The expanded and now morning edition of the *Dispatch* was promoted in January via sampling to 123,000 Sunday-only subscribers. It represented the only promotion of the *Dispatch's* morning edition and was "one of the single best things we did during the conversion," Mr. De Vassie says. Surveys revealed 59% of the *Citizen-Journal* circulation had overlapped the *Dispatch* to begin with, and the promotion enabled the paper to pick up 20% of the sampled audience. In order to avoid lawsuits from Scripps Howard, the *Dispatch* could not speak to the *Citizen-Journal* audience via direct contact and had to dispose of all its existing records on *Citizen-Journal* subscribers. A new subscription drive was launched the first week in April.

During the past year, the *Dispatch* began using Knight-Ridder's database and library service, Vu-Text, as an electronic library. The Knight-Ridder service is used by 21 other newspapers and the Associated Press.

Ohio magazine, a statewide regional publication, increased circulation to 100,580, of which 95,864 are subscribers. Subscription rates increased May 1 to $15 a year, up from $12. The monthly magazine averages 112 to 128 pages an issue.

WTHR, Dispatch's NBC-TV affiliate in Indianapolis, ranked No. 3 in the 6 p.m. news slot with a 20 share. It was bested by the ABC affiliate with a 23 share and CBS affiliate with a 22 share. WTHR's "Jeopardy" and "Wheel of Fortune" hour of programming dominates the 7 p.m. to 8 p.m. time period, doubling its closest competitors. The station's February primetime seven-day average tied with CBS in the Indianapolis market. NBC's over-all high ratings with programs such as "The Cosby Show," which commands a 50-plus share, continue to rub off favorably on WTHR, says Brian Beglane, director of marketing.

"AM Indiana—Track 13" debuted April 28 as the only local morning show in the market. It competes with "Donahue" in the 9 a.m. to 10 a.m. slot, Monday through Friday, and also will be opposite Oprah Winfrey's new show next fall. Hosted by Dick Wolfsie, former host of "Good Morning, New York" on WABC-TV, New York, "AM Indiana" airs from a broadcast studio in Indianapolis' Union Station, recently converted into a mall.

The promotional campaign at WTHR, "People you can count on," is echoed at Dispatch's second tv holding, WBNS-TV, a CBS affiliate in Columbus. WBNS-TV ranks No. 1 in the 6 p.m. news slot in that market, Monday through Friday, followed by WCMH-TV (NBC) and WTVN-TV (ABC). A.C. Nielsen Co. ranks the 6 p.m. news at a 33 share and 18 rating, while the Arbitron rating stands at a 34 share and 18 rating.

WBNS-TV continues to feel the pressure exerted by new independent station WTTE, which "took 8 or 9 shares away from the over-all market," says John Haldi, WBNS-TV program director. The station has restructured several time periods this past year. Notable are the unusual placement of "Trapper John, M.D." in the 10 to 11 a.m. slot and the airing of "M*A*S*H" reruns at 5 p.m., just before the local news. "M*A*S*H's" numbers climbed from single to double-digit shares and the show provides "a strong lead-in to the news," Mr. Haldi says. Last summer, the local news program was moved back a half-hour to 5:30 p.m. to compete directly with its two network-affiliate competitors. As a result, WBNS's local news program has conquered that time slot.

WBNS-FM is an easy listening radio station in the Columbus market. WBNS, the am station with an adult contemporary format, is billed as "the adult alternative" in tv and outdoor board advertising.

MEDIA PROPERTIES

Broadcasting

TV: WTHR, Indianapolis; WBNS-TV, Columbus.
RADIO: WBNS (am, fm), Columbus.

Magazines

Ohio.

Newspapers (dailies)

OHIO: *Columbus Dispatch.*

Other media operations

Dispatch Consumer Services.

Donrey Media Group

RANK **48**

Fort Smith, Ark.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	237	198	19.5
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	192	158	21.6
Magazine	—	—	—
Broadcast	28	27	3.7
Cable	8	6	25.0
Outdoor	9	7	28.6

Donrey Media Group continues to do what it does best—grow and change. In recent months, Donrey added four new midwestern daily papers, a cellular phone company in Tulsa, Okla., and a catfish farm in Nevada.

The company, ranked the 48th largest media company, has its administrative headquarters in Fort Smith, Ark. But its president-ceo and sole owner, native Oklahoman Donald Reynolds, directs the media conglomerate, which he founded in 1940, from its new national headquarters in Las Vegas, site of the chain's largest newspaper.

Donrey remains "bullish on acquisitions," exec vp Fred Smith says. By mid-1986, the company owned 54 daily newspapers, 55 nondailies in 12 states, seven radio stations, one tv station, five Cablevision franchises, 12 outdoor advertising markets with about 13,000 outdoor boards, a 50% interest in Kilgore Cable system, Kilgore, Tex., and a 40% interest in Falcon Communications Cable, Los Angeles County, Cal.

With an ongoing program of acquisitions for growth, Donrey seeks newspapers in small to medium-size communities, often when they are passing from the hands of their founders or longtime owners and are going through transitions in management, reorganization or finance. For example, in 1985 Donrey bought the *Norman* (Okla.) *Transcript* from its two owners, a trust held by the wife, son and daughter of ex-publisher Harold Belknap, and Belknap's successor, Don Frensley. And it bought the *Minot* (N.D.) *Daily News* from the two families who had owned and managed that paper for about 65 years, the Dobsons and the Davies.

Daily circulation of the five-evening *Norman Transcript* fell slightly to 17,027 in the March 31, 1986, ABC reports compared with the corresponding period a year earlier. Sunday circulation during the same period was up 101 subscribers to 18,305. Daily circulation of the six-evening *Minot Daily News* fell 4% to 28,233 during the period.

Also in 1985, Donrey acquired the evening *Clinton* (Ia.) *Herald* and the evening *Altus* (Okla.) *Times* and its Sunday paper. The *Clinton Herald* dropped 2.1% in circulation, to 20,411 in March 31, 1986. The *Altus Times* carried a daily circulation of 5,963, down 13% for the period. Sunday was 6,703, down 11%.

Making a nonmedia but communications-related acquisition, Donrey bought a 92% interest in Tulsa's nonwireline car phone system, called Cellular One. Tulsa is one of 28 cities where Donrey has applied for cellular franchises.

Cellular One, which began services March 21, 1986, now has 10 cells or area transmitters around metropolitan Tulsa, two more than competitor United States Cellular Telephone Co., a subsidiary of TDS.

Donrey has been open to innovation in news and advertising dissemination. For example, in Bartlesville, Okla., the city's daily newspaper, Donrey's *Examiner-Enterprise*, and the Donrey Cablevision system are running a test of cable tv delivery of newspaper news, sports, classified ads and other material. If successful, Donrey says it may expand the print-cable linkage to other towns with a Donrey newspaper-cable tv combo.

All such new approaches haven't worked out for Donrey the past year. In Las Vegas it dropped out of a videotex partnership called InfoView because it wasn't producing to the company's expectations. Also, in Las Vegas, Donrey no longer participates in a new approach to outdoor advertising called MultiVision. This 14-by-48-ft. outdoor board has a computer-controlled mosaic surface of 35mm electronic cubes that alter the image every 20 seconds to 30 different advertising messages. The problem was poor resolution in the board graphics.

Donrey entered outdoor advertising in 1963 with its purchase of the Naegele properties in Las Vegas. Today it is a major force in U.S. outdoor, serving 12 markets in the Midwest, Southwest and Northwest.

"Donrey Outdoor had a record year in 1985," says Don Burris, vp, Donrey outdoor, broadcast, cable division. "This was despite the falloffs—the cutbacks—in tobacco and alcohol advertising," he adds. This falloff is made up by working the territory more energetically to get local independent advertising from banks, car dealerships, new types of products and services—car leasing, frozen yogurt, fast-food, he says.

The heart of Donrey continues to be its newspaper business, with dailies ranging from the *Las Vegas Review-Journal*, with 105,478 daily circulation on March 31, 1986, up 3.7%, and 122,090 Sunday, up 5.2%, to the *Wewoka* (Okla.) *Times*, with 1,610 for both daily and Sunday.

Combined average daily circulation for the 54 Donrey daily papers was about 874,000 in 1985, up 14.3%, largely through acquisitions. The 1985 tally also includes about 30,000 additional subscribers from Saturday editions in Bartlesville and Norman, Okla. Sunday's combined circulation for 1985 of 647,000 was up 9.7%.

A move with important implications for Donrey's newspaper acquisition program was a federal judge's ruling in August, 1985, that the subscription list acquired by Donrey Media Group when it bought the *Washington* (Ind.) *Times-Herald* is a depreciable asset for tax purposes. The company was aided in its case by the research of Morton Research, Washington, and Urban & Associates showing that the subscription list had a useful life of 23 years. The ruling is subject to IRS appeal.

Also related to its acquisitions program and increasing over-all efficiency is Donrey's new Information Systems Plan. This is a computer-based strategy for reaching out from Fort Smith headquarters to link Donrey units in a management information system. It should help to gather data quickly, avoid high information costs, and cut expenses in making acquisitions by reducing staff requirements.

Donrey ventured into a fast growing new food industry in 1985—catfish. The company capitalized on the geothermal springs at Donald Reynolds' Duckwater, Nev., property, using them for aquaculture. In a venture called Donrey Catfish Growers, catfish are being raised, processed and sold to wholesalers.

Mr. Reynolds conducts two nonprofit foundations to benefit the communities in which he does business. Donrey Public Foundations raises funds to send children to summer camp. The Donald W. Reynolds Foundation makes contributions and grants to aid civic and charitable organizations in health, culture and education. Each year the foundation awards $100,000 to junior-year journalism students at 10 selected universities. In 1984, the University of Nevada-Reno named its new journalism school the Donald W. Reynolds School of Journalism and Center for Advanced Media Studies.

MEDIA PROPERTIES

Broadcasting

TV: KOLO-TV, Reno, Nev.
RADIO: KBRS, Springdale, Ark.; KEXO, KLDR-FM, Grand Junction, Colo.; KOCM (fm), Newport Beach, Cal.; KORK, KYRK-FM, Las Vegas; KOLO, Reno, Nev.

Cable/video

SYSTEMS: ARKANSAS: Donrey Cablevision-Rogers. CALIFORNIA: Donrey Cablevision-Vallejo; Falcon Cable-Los Angeles. OKLAHOMA: Donrey Cablevision-Bartlesville, Blackwell, Guymon. TEXAS: Kilmore Cable-Kilmore.

Newspapers (dailies)

ARKANSAS: *Northwest Arkansas Morning News* (Rogers), *Southwest Times Record* (Fort Smith), *Springdale News*. CALIFORNIA: *Chico Enterprise-Record*, *Daily News* (Red Bluff), *Lompoc Record*, *Ontario Daily Report*, *Progress Bulletin* (Pomona), *Redlands Daily Facts*, *Ukiah Daily Journal*, *Vallejo Times-Herald*, *Woodland Daily Democrat*. HAWAII: *Hawaii Tribune-Herald* (Hilo), *West Hawaii Today* (Kailua-Kona). INDIANA: *Washington Times-Herald*. IOWA: *Clinton Herald*, *Oskaloosa Herald*. KENTUCKY: *Glasgow Daily Times*. MISSISSIPPI: *Picayune Item*. MISSOURI: *Macon Chronicle-Herald*, *Moberly Monitor-Index and Democrat*. NEVADA: *Nevada Appeal* (Carson City), *Ely Daily Times*, *Las Vegas Review-Journal*. NEW MEXICO: *Alamogordo Daily News*. NORTH DAKOTA: *News* (Minot). OKLAHOMA: *Altus Times*, *Bartlesville Examiner-Enterprise*, *Blackwell Journal-Tribune*, *Chickasha Daily Express*, *Durant Daily Democrat*, *Frederick Daily Leader*, *Guthrie Daily Leader*, *Guymon Daily Herald*, *Henryetta Daily Free-Lance*, *Holdenville Daily News*, *Norman Transcript*, *Okmulgee Daily Times*, *Paul's Valley Daily Democrat*, *Pawhuska Daily Journal-Capital*, *Wewoka Daily Times*. TENNESSEE: *Daily Herald* (Columbia). TEXAS: *Borger News-Herald*, *Clebourne Times Review*, *Gainesville Daily Register*, *Jacksonville Daily Progress*, *Kilgore News Herald*, *Sherman Democrat*, *Sweetwater Reporter*, *Weatherford Democrat*. WASHINGTON: *Aberdeen Daily World*, *Auburn Daily Globe News*, *Kent Daily News Journal*, *Renton Daily Record Chronicle*.

Newspapers (nondailies)

55 nondailies in 12 states.

Other media operations

Donrey Outdoor Advertising.

Dow Jones & Co.

RANK **17**

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	978	910	7.5
Total sales	1,039	966	7.6
Net income	139	129	7.4

Sales by media	1985	1984	% chg
Newspaper	844	794	6.3
Magazine	32	30	6.7
Broadcast	—	—	—
Cable	—	—	—
Other	102	86	19.0

Dow Jones & Co., New York, took steps in 1985 to expand beyond its traditional print media activity encompassing the *Wall Street Journal*, community newspapers and *Barron's* by purchasing a major share of Telerate Inc., a computerized financial data company.

The nation's 17th largest media company in media revenues, New York-based Dow Jones experienced slow growth in 1985, when over-all revenues and net income grew about 7%, which reflects its media activity because media account for 94.1% of DJ's total revenues.

DJ gave a boost to its most profitable division—information services—through its $282.3 million purchase of 32% of Telerate from Exco International, a British financial services company. DJ's share evolved from a deal it struck with Oklahoma Publishing Co. in August to acquire a combined 52% interest in Telerate Inc. The outlay is the largest in the company's history.

Telerate is expected to enhance DJ's existing news ticker and stock and news retrieval services among its electronic publishing offerings. DJ hopes its own and Telerate's data eventually may be accessible to home users and small companies worldwide.

The company moved to reduce its acquisition debt on the Telerate deal by selling 8% of its 25% interest in Boston-based Continental Cablevision back to Continental for $100 million in January, 1986.

During 1985, Dow Jones' leading publication, the *Wall Street Journal*, saw its advertising linage drop 5.2%, although increased rates ensured an advance in ad dollars. The company attributed the decline to industrywide softening in advertising during the year, although ad linage in 1984 did little more than break even as well. Classified advertising in the *WSJ* was off significantly during 1985, particularly help wanted and condominium ads.

DJ plans to boost the *WSJ's* ad rates about 7% in 1986. National and regional rates were increased 9.5% and 8%, respectively, in late 1985. The paper also has increased its annual subscription fee to $114 from $107. The 50¢ cover price remains unchanged. To further offset weakened ad revenue, the paper plans to trim costs in 1986 and keep them in line with revenue increases. The plan includes a hiring freeze.

So far in 1986, the *WSJ* has not rebounded. Ad linage for the first quarter ended March 31, 1986, declined 10.4%. The ABC six-month average as of March 31, 1986, placed the *WSJ's* circulation at 1,985,559, down from the year-earlier figure of 1,990,025, which was off 4.4% from 1984.

In a move to boost specialized advertising, the *WSJ* in 1985 expanded its editorial content with the introduction of special one-time sections on small business, financial planning and new technology. The paper expanded coverage of personal finance, completed its changeover to front-end pagination and bolstered its press capacity to 72 pages from the former 64-page limit.

The paper's plans to construct a $20 million printing plant in Oklahoma City were held up during the year over concern about local laws. Because the *WSJ* runs liquor ads, company officials feared that the printing plant would violate a 1959 Oklahoma law prohibiting alcoholic beverage advertising.

Negative publicity for the *WSJ* surrounding the R. Foster Winans case surfaced again in 1986 when the former reporter was convicted on 59 counts of conspiracy and criminal securities, wire and mail fraud and was sentenced to 18 months in prison and fined $5,000. Mr. Winans was convicted of leaking advance information about topics of the *WSJ's* "Heard on the Street" columns to outsiders.

DJ's Ottaway Newspapers showed a 3.7% gain in advertising volume during 1985 and a 12.9% gain in ad revenues for its 22 dailies.

On the magazine side, the weekly *Barron's* showed slight gains in advertising linage on a per-issue basis and in circulation during 1985 and an over-all ad revenue improvement of 6.1% because of higher rates. Circulation in 1986 gained 1.4% to 264,200. *American Demographics* took off as circulation increased 38% to 14,500 and ad revenues rose 46%. Together, the two magazines had estimated revenues of $32 million.

Both *Barron's* and the Ottaway operation remained static the first quarter ended March 31, 1986. Ad linage for the period was up 2.5% at Ottaway and 0.1% at *Barron's*, although advertising at the latter was off 7.6% on a per-issue basis. Both Ottaway and *Barron's* recorded modest circulation increases during the quarter.

During 1985, ad revenues at the company's *Asian Wall Street Journal* increased 17.2% and circulation gained 4.9%. The paper's European edition gained 16.9% in circulation and 25.4% in ad revenue, although it continued to operate at a loss.

DJ's information services, which include database publishing and the DJ news wires, recorded 1985 operating earnings of $17.7 million, up 160.3% from 1984, on revenues of $102.2 million, up 19%. The unit in 1986 plans to develop its Corporate America Wire specifically to serve executives.

DJ's major nonmedia activity is book publishing, which totaled $54.6 million in 1985, up 10%. The company also generates revenues from newsprint operations.

Amid the mania of corporate takeovers, DJ has taken steps to retain its independence. Shareholders at its annual meeting in April, 1986, adopted anti-takeover measures that include staggered terms for board members, "fair price" measures requiring a prospective purchaser to make the same offer to all stockholders, and the inclusion of noneconomic factors among "relevant factors" considered in prospective takeover moves.

MEDIA PROPERTIES

Magazines

American Demographics, Asian Wall Street Journal Weekly, Barron's, National Business Employment Weekly.

Newspapers (dailies)

Asian Wall Street Journal, Wall Street Journal, Wall Street Journal/Europe. Ottaway Newspaper Group-ARIZONA: *News-Sun* (Sun City). CALIFORNIA: *Santa Cruz Sentinel.* CONNECTICUT: *Danbury News-Times.* KENTUCKY: *Ashland Daily Independent.* MASSACHUSETTS: *Times* (Beverly-Peabody), *Cape Cod Times, Gloucester Daily Times, New Bedford Standard-Times, Newburyport Daily News.* MICHIGAN: *Traverse City Record-Eagle.* MINNESOTA: *Mankato Free Press, Owatonna People's Press.* MISSOURI: *Joplin Globe.* NEW YORK: *Middletown Times Herald-Record, Oneonta Daily Star, Plattsburgh Press Republican, Tri-State Gazette.* OREGON: *Medford Mail Tribune.* PENNSYLVANIA: *Pocono Record, Sharon Herald, Sunbury Daily Item.*

Equity interests

Telerate Inc. (32% interest), *Far Eastern Economic Review* (49% interest), *South China Morning Post* (16% interest), Press-Enterprise Co. (20.1% interest).

Other media operations

Dow Jones News Service, DowAlert, Dow Jones News/Retrieval, Dow Jones Cable News (videotex).

OTHER OPERATIONS

AP-Dow Jones (50% ownership), Richard D. Irwin Inc. (publisher, newsprint mills).

Pulliam, a newspaper titan

Central Newspapers is the creation of Eugene Collins Pulliam. Born in Ulysses, Kan., Mr. Pulliam learned his craft from William Rockhill Nelson, publisher of the *Kansas City Star* when Mr. Pulliam was a reporter for the paper. From 1930 to 1934, he and Texas millionaire Charles Marsh built a 25-paper chain called General Newspapers, but Mr. Pulliam pulled out when he became uneasy with the strong commercial orientation of Mr. Marsh. Mr. Pulliam took the Oklahoma and Indiana papers, but then sold off all but the two Vincennes, Ind., papers which he merged, before assembling today's Central family. He died in 1975.

BUSINESS WITH BILL*

[Frankly, an advertisement]

Yes, frankly, this is an ad. Our objective? If we can reflect to you the uniqueness of our Bill Communications' properties, then you can judge us even better as a reader, perhaps an advertiser, and maybe even a future fellow employee.

John Hartman
Chairman of the Board
Bill Communications, Inc.

Back in 1970, when I first joined the Company, Market Statistics was a friendly place. After the reorganization in 1971, it remained friendly, but it also became a place to explore, develop, and grow. We formed a nucleus of skillful, hard-working professionals, with Bill Communications management behind us, encouraging us along the way.

In just a few years, Market Statistics is at the top of the demographic research community in the nation. Our statistical publications rank high in prestige, our individual sales analyses are being used by our clients in their marketing decisions, and our demographic reports are commonly referred to by firms across the economic spectrum. The diversity of our business keeps our professional interest at high levels, but we pursue only those ideas which we feel will be of value to our readers and clients and at the same time will satisfy our professional standards. In this pursuit of advancement, it's important to know that the support of our corporate heads at Bill will always be there.

I'm proud of my long association with Bill Communications and, specifically, with Market Statistics, where we still retain our humanity in the midst of the business labyrinth.

Elias Fokas
Senior Vice President
Market Statistics

With Bill: 16 Years

"We aren't in the business of selling advertising, we're in the business of making magazines that serve our readers well." A cliché? I thought so, the first time I heard a Bill corporate officer make that pronouncement. But I hadn't worked at Bill Communications very long before I learned that behind those words is surprising substance.

At Bill, the commitment to editorial excellence is a "given" that colors every corporate endeavor. In the budgetary process, for example, editor and publisher make their case as a team for each year's budget—and together stand accountable for the results. It is never a case of "let's see how little you can spend to put out the book" but rather, "justify what you need to do the best job possible."

The climate of cooperation born of shared risks and rewards helps foster good team relationships—and thus, good editorial content—here at *Restaurant and Hotel Design*. It keeps all of us in synch as we pursue our common goal of producing the best possible magazine for our specialized field.

M.J. Madigan
Editor
Restaurant and Hotel Design

With Bill: 1½ Years

Freedom . . . to succeed . . . or to fail . . . What more could one ask for in business? By freedom, I mean being provided the financial tools, the responsibility and management encouragement to realize your own personal concepts of effective, profitable business communications.

The only restrictions I've found on evaluating a new or different publishing opportunity at Bill is that it must (1) fill an editorial need in the marketplace, (2) offer the opportunity for becoming a quality publication, and (3) provide a good long-term potential for profitability against the calculated investment.

The hallmark of BillCom is decentralization and what's called participative management. Decentralization precludes the layers of hierarchical authority that, in a large corporation, blunt the impact you have on the corporation.

Participative management means that everyone you work with participates in the decision-making. It's one of the toughest management concepts . . . and it can cause problems. But when it works, it is by far the most rewarding for the person.

Above all; you have the freedom to succeed, and to fail. And the proof of the value of this freedom is in the pudding of success I've watched BillCom enjoy over the past 24 years.

Malcolm W. Riley
Publisher/Editorial Director
Plastics Technology/PLASPEC

With Bill: 24 Years

*BILL COMMUNICATIONS, INC. *PUBLICATION DIVISION:* INCENTIVE MARKETING □ INSTITUTIONAL DISTRIBUTION □ JOBBER RETAILER □ MODERN TIRE DEALER □ PLASTICS TECHNOLOGY □ RESTAURANT BUSINESS □ RESTAURANT AND HOTEL DESIGN □ SALES AND MARKETING MANAGEMENT □ SUCCESSFUL MEETINGS □ *INFORMATION DIVISION:* BILLCOM LIST RENTAL □ PLASPEC □ MARKET STATISTICS □ SALES BUILDERS □ SM DATA BANK

CORPORATE HEADQUARTERS: 633 THIRD AVENUE, NEW YORK, NY 10017 [212-986-4800].

RANK

8

Dun & Bradstreet

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,718	1,459	17.8
Total sales	2,772	2,397	15.6
Net income	295	256	15.2

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	406	380	6.8
Broadcast	—	—	—
Cable	—	—	—
Other	1,312	1,079	21.6

Since divesting itself of high-per rming Corinthian Broadcasting two ears ago Dun & Bradstreet Corp. has enerated just as strong, if not ronger, performances from its more caled down and focused media prop rties. In 1985, the New York-based ompany recorded year-to-year growth n media revenues of 22.9%.

Media at D&B, the 8th largest media ompany, accounted for 62% of total &B operating revenues and 75.7% of tal operating income.

D&B derives its media revenues rom two business segments: the rgely ad-generated publishing seg ent, with 22 trade and professional ublications produced in the segment's chnical publishing division as well as elephone directories and airline chedule guides; the marketing ser ices segment, which includes Donnel y Marketing cooperative mailing rograms, A.C. Nielsen Co.'s market g and media research groups and gh-tech researcher Dataquest.

D&B's only nonmedia business seg ent is business information services, hich includes D&B credit services, dministration of small-business roup insurance plans, commercial ollection and computer services.

The publishing segment contributed 6.8% of total operating revenue and 8.9% of total operating income in 985. The segment is basically com rised of Technical Publishing's 22 agazines, which posted moderate evenue gain on lower operating in ome. The unit's ad pages dropped, re ecting the downturn in heavy indus ies and the technology markets rved by the publications.

Datamation, which serves the infor ation-processing market, and *Test & easurement World*, a magazine serv g engineers responsible for testing gh-tech products at the point of anufacture, both experienced growth uring the year. D&B says *Highway & eavy Construction* boosted its market are and showed a gain in ad pages as result of that industry's rebound.

During 1985, D&B expanded its ac vity in Yellow Pages classified di ctory publishing via the Donnelley irectory subsidiary. Early in the year, e company split Donnelley into nits handling Yellow Pages for tele hone companies and for indepen ently published directories. Donnel y acquired four classified-directory ompanies during the year and pub hed new directories in Florida, Okla oma and Texas. Donnelley during the ear also launched Talking Yellow ages, a service that allows telephone ers to access databases of informa on on products and services.

Donnelley Directory lost two major ontracts during the year, with Bell of ennsylvania and Diamond State elephone in Delaware. The company ys it plans to market its own Yellow ages directories in those areas in 986.

Also in the publishing segment, &B's Official Airline Guides had an ceptable year, as usage of the on-line ersion of the service increased.

In the first quarter of 1986, the pub hing segment led all segments in rev ue growth with a 23.3% gain, com ared with business information, up 9.8%, and marketing services, up 6%.

D&B's only major 1985 divestitures ere the sale of three A.C. Nielsen Co. nits: Compucon, Neodata France and Neodata Germany. However, most of the 13 cash acquisitions for which D&B paid $66 million in 1985 were to support Nielsen and Donnelley.

A.C. Nielsen Co., acquired by D&B in 1984, fell to pressure from the three major networks to delay the introduction of its people meter until September, 1987, a year later than planned. Tested since January, 1986, the meters were showing lower demographic ratings for several popular prime-time shows. This called into question whether the traditional diary method had been overstating viewing levels in prime and daytime.

The rise of the people meter marketed by London-based AGB Research forced Nielsen management to consider alternatives to its tv audience measurement methodology.

Nielsen's marketing research unit in 1985 introduced Scantrack Plus, a device used by major package-goods companies to supplement scanning-produced marketing data with information on in-store promotions and couponing. By yearend, 25 major U.S markets were covered by Scantrack Plus. Nielsen plans to add information on tv advertising spending and tv viewing to the service in 1986.

Effective last Jan. 1, A.C. Nielsen president N. Eugene Harden was elected an exec vp of D&B. James Murray Jr., D&B Plan Services, was named to the additional post of senior vp-customer information needs.

The company in 1985 also acquired: Thomas Cook Travel USA, formerly the North American travel agency division of Thomas Cook Group Ltd.; National Group Administrators, a third-party insurance administrator, and Southwestern Directory Co., an independent Yellow Pages publisher.

MEDIA PROPERTIES

Magazines

American Journal of Cardiology, American Journal of Medicine, American Journal of Surgery, Consulting Engineer, Contractor, Control Engineer, Cutis, Datamation, Dun's Business Month, Electric Light & Power, Fire Engineering, Graphic Arts Monthly, Highway & Heavy Construction, Industrial Distribution, Multibus Buyers Guide, Plant Engineering, Plant Engineering Products, Power Engineering, Research & Development, Solid State Technology, Test and Measurement World, World Mining Equipment.

Other media operations

Dataquest, Donnelley Directory and Donnelley Information Publishing, Donnelley Marketing, Donnelley Marketing Information Services, Dun's Marketing Services, D&B Business Marketing Services, Financial Services Industry Group, Moody's Investors Services, Nielsen's Clearing House, Nielsen's Market Research, Nielsen's Media Research, Neodata Services, Official Airline Guides, Salesnet, Technical Data Resources.

OTHER OPERATIONS

Business Information Services, including Dun & Bradstreet Credit Services, D&B International, D&B Plan Services (insurance), D&B Commercial Collections, D&B Computing Services, Dunsplus, McCormack & Dodge, Zytron.

RANK

89

Forbes Inc.

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	115	109	5.1
Total sales	150	134	11.9
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	114	108	5.2
Broadcast	—	—	—
Cable	—	—	—
Other	1	1	—

Static circulation and a modest increase in total advertising despite a decline in ad pages in the business fortnightly, *Forbes*, led to a flat year in media at parent Forbes Inc.

The New York-based company owned by flamboyant editor-in-chief Malcolm Forbes ranked as the 89th largest media company in media revenues in 1985, which accounted for an estimated 75.7% of total revenues.

Forbes' also publishes *American Heritage* and Forbes Special Situation Survey, that latter through the Forbes Investors Advisory Institute. The survey, usually issued monthly, is a 7-8 page report on a special stock situation. Subscription is $500 annually.

Nonmedia holdings at Forbes are real estate holdings—Laucala Island in the Fiji Islands, Sangre de Cristo Ranch and Lake of the Ozarks, a resort.

The only recent change in the Forbes' media family has been the January, 1986, purchase of *American Heritage*, the 137,316 circulation every-other-monthly history magazine. Forbes bought the publication from American Heritage Publishing Co. and Samuel Reed, a principal investor.

Forbes magazine retained its position in 1985 as the third largest magazine in ad pages, according to Publishers Information Bureau, with a total of 3,711, down 3.2%. It trails rival and No. 1 *Business Week*, which had 4,214 pages, down 15.2%, and *People* magazine with 3,866, down 4.9%. The declining pages mirrored the general over-all malaise in the magazine field in 1985.

The company's benchmark for 1985 was surpassing rival *Fortune* in ad revenues for the first time in its history. PIB initially reported *Forbes'* gross ad revenue at $115.72 million, up 5.5%, compared with *Fortune's* $115.74 million, a 3.6% increase. PIB, however, later found $100,000 in previously unreported ad revenue for *Forbes*. That number, says Don Garson, communications director at Forbes Inc., put *Forbes* ahead of *Fortune*. While *Business Week* ad revenues dropped 8.5%, they continued ahead of both rivals, at $169.1 million.

Mr. Garson says *Forbes*, which has "never been shy about" calling attention to itself, would have used the information in a splashy new ad campaign had it known earlier. Mr. Garson says it may still call attention to the matter.

Forbes circulation reached 732,607, up less than 1% from 1984.

American Heritage has had few changes since the ownership turnover. Ad pages in 1985 ran about 45% ahead of 1984 levels, but 1984 levels were token. Currently, advertising is about 20% of editorial. The publication started taking advertising in 1981. *American Heritage*, bought for an estimated $8 million to $9 million, has been sold twice in the past eight years. McGraw-Hill sold the 31-year-old magazine in 1978. The magazine generated an estimated $2.3 million in revenues in 1985.

The purchase of the publication brought into the fold another Forbes family member, Timothy Forbes, named to the new post of president of *American Heritage*. The younger Forbes, 33, is a 1976 graduate of Brown and a former screenwriter whose credits include scripts for the "Disney Sunday Movie" and other films. Forbes Inc. intends to move *American Heritage* from Rockefeller Plaza location to its Fifth Ave. offices in New York later this year.

Malcolm Forbes, *Forbes'* editor-in-chief, is said to be a longtime subscriber and fan of *American Heritage*, which in 1985 won two National Magazine Awards for general excellence and best single topic issue.

Forbes continued to run its hard-hitting "capitalist tool" trade ad campaign via Doremus & Co., New York. A recent spread promoting the *Forbes* 500 singled out its competitors as "downright silly" and "obsolete."

In 1985, *Forbes* also began its first tv campaign to boost circulation, though Mr. Garson says it is meant more as an image-building campaign than a circulation drive. The upbeat campaign, via Zadoc Media, New York, features computer-driven animation that visually demonstrates its script. The commercial notes, for example, that *Forbes* doesn't "follow the herd," a comment that is followed by animation showing a herd of sheep. The campaign is airing on Financial News Network and Cable News Network.

Forbes says its average reader has annual household income of $138,935 and has a net worth of $1.146 million.

While *Forbes'* illustrious editor-in-chief has never appeared in a campaign for his magazine, Mr. Forbes this year was seen in another commercial touting the *New York Post*. A good friend of Rupert Murdoch, owner of the *Post*, Mr. Forbes agreed to be part of that paper's campaign to promote its business pages. Mr. Forbes is seen standing in front of his desk, holding the paper and saying that while he reads other newspapers, to keep up to the minute he reads the *Post*.

In addition to his *Post* campaign, Mr. Forbes continues to make the news pages regularly with his widely publicized travels and numerous awards. In July, Mr. Forbes promises yet another international escapade—this time a "good-will tour" through Japan with an entourage of motorcyclists.

Mr. Forbes does it all for fun, but as Mr. Garson says coyly, "I'd be lying if I said we weren't the beneficiaries [of the publicity]."

MEDIA PROPERTIES

Magazines

American Heritage, Forbes.

Other media operations

Forbes Specific Situation Survey

OTHER OPERATIONS

Forbes Investors Advisory Institute, Forbes Galleries, art collection, various real estate holdings including Forbes Sangre de Cristo Ranch, Fort Garland, Colo.; Forbes Lake of the Ozarks resort, Warsaw, Mo.; Laucala Island in the Fiji Islands.

RANK

37

Freedom Newspapers

Santa Ana, Cal.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	325	295	10.2
Total sales	325	295	10.2
Net income	26	26	0.0

Sales by media	1985	1984	% chg
Newspaper	280	250	12.0
Magazine	—	—	—
Broadcast	45	45	0.0
Cable	—	—	—
Outdoor	—	—	—

The intrafamily struggle for control of Freedom Newspapers had no apparent effect on the chain's profitability and revenues. A pending court case, however, could result in the dissolution of the chain in 1986.

The Santa Ana, Cal.-based company is ranked 37th in media revenues. All Freedom operations are media. It operates 29 daily and three weekly newspapers in 11 markets across the U.S. (total daily circulation of 953,506), including its flagship, the *Orange Country Register* in Santa Ana.

This year Freedom continued to expand into broadcast with the March 4 acquisition of WRGB-TV, Schenectady, N.Y., from General Electric Co. for a reported $57 million. Now the owner of five tv stations, the company purchased its first in 1982.

Heirs of R.C. Hoiles, who bought the *OCR*, then the *Santa Ana Register*, in 1935, are locked in a battle for control or dissolution of the chain. Principals are the three Hoiles children, who each own about a third of the privately held company, and their families.

Last fall, R.C. Hoiles' son Harry placed the value of the company at $1.01 billion when he offered to buy the other family members' shares for a total of $682.5 million or to sell them his shares for $330 million. Subsequent offers by Mr. Hoiles, which also were rejected, reached as high as $900 million. In the absence of a sale, he has filed suit to dissolve the corporation. The suit is scheduled for trial this summer. Cited among the points of contention is his objection to Freedom's expansion into tv.

This recent litigation has permitted details of the financial performance of the closely held company to surface. Freedom's earnings were $26.4 million in 1984, on revenues of $295.8 million in 1984. ADVERTISING AGE estimates total sales increased 10% to $325 million in 1985. The *OCR* reportedly accounts for more than half of Freedom's revenues and cash flow.

Audited ABC figures show the *OCR* paid circulation average for the six-month period ended March 31, 1986, was 300,985, up 3.1% from the same period a year earlier. The *Sunday OCR* increased circulation 4.2% to 340,427. By year's end, the *OCR* had increased its lead over the *Los Angeles Times* in Orange County to 115,996 daily and 106,242 Sunday. The *OCR* gains in Orange County mirrored its over-all gains as the largest circulation newspaper in Orange County, while the *Times* lost circulation in this affluent suburban area south of Los Angeles.

The *OCR* offers 32 community editions, which cover the county with zoned advertising capability and local news coverage, providing the newspaper with total market coverage. The community editions are mailed to more than 300,000 households each week. On Tuesdays, they are inserted in the *OCR*.

In April, 1985, the *Register* added Orange County to its title, about the time the paper won the Pulitzer Prize for spot news photography for its coverage of the 1984 Summer Olympic Games. The *OCR* also continued to maintain its technological lead in the industry with the addition of a color pagination system to produce faster and better color, said to be the first of its kind in the world.

Acquisition of WRGB in Schenectedy brings the total number of Freedom's tv properties to five, all CBS affiliated stations, except for WTVC, Chattanooga, an ABC affiliate. WRGB, according to Gary Chapman, tv director for Freedom, was one of the first tv stations to begin broadcasting in the U.S., beginning as a tv testing facility and the lead station for General Electric Co. in 1928.

Four of the five tv stations are ranked the No. 1 news stations in their markets, including WRGB; WTVC; KTVL, Medford, Ore., and KFDM-TV, Beaumont, Tex. Lagging behind but gaining ground is WLNE, New Bedford, Mass., which, according to Mr. Chapman, has moved from No. 3 to No. 2 position in late night news in Arbitron ratings.

Three major construction projects undertaken during 1985 include completion of a new plant for the *Appeal Democrat* in Marysville, Cal., a two-story corporate office building in Irvine, Cal., and a 180,000-sq.-ft. five-story office tower adjacent to the *OCR's* existing plant in Santa Ana. The latter two are expected to be completed this year.

Keeping pace with circulation gains at the *OCR* were increases in advertising linage. According to Media Records, in 1985 the paper ranked No. 1 nationally in full-run daily advertising, No. 3 in classified, No. 4 in retail and No. 4 in total advertising, up from No. 6 position in 1984.

Among Freedom's other newspaper properties, the Colorado Springs *Gazette-Telegraph*, with a combined daily circulation of 107,448, up 5.7%, is the next largest after the *OCR*. In early 1986, the company also acquired assets of the defunct *Colorado Springs Sun* after the rival newspaper ceased publication.

MEDIA PROPERTIES

Broadcasting

TV: KFDM-TV, Beaumont, Tex.; KTVL, Medford, Ore.; WLNE, New Bedford, Mass./Providence, R.I.; WRGB, Schenectady, N.Y.; WTVC, Chattanooga, Tenn.

Newspapers (dailies)

CALIFORNIA: *Anaheim Bulletin, La Habra-Brea Daily Star-Progress, Marysville Appeal-Democrat, Porterville Recorder, Orange County Register* (Santa Ana), *Turlock Daily Journal, Victorville Daily Press.* COLORADO: *Colorado Springs Gazette-Telegraph.* FLORIDA: *Playground Daily News* (Fort Walton Beach); *Fort Pierce News Tribune, Panama City News-Herald.* INDIANA: *Crawfordsville Journal Review, Seymour Daily Tribune.* MISSISSIPPI: *Greenville Delta-Democrat Times.* NEBRASKA: *Columbus Telegram.* NEW MEXICO: *Clovis News Journal.* NORTH CAROLINA: *Bur-*

lington Times-News, Gastonia Gazette, Jacksonville Daily News, Kinston Daily Free Press, New Bern Sun-Journal. OHIO: *Bucyrus Telegraph-Forum, Lima News.* SOUTH DAKOTA: *Huron Daily Plainsman.* TEXAS: *Brownsville Herald, Harlingen Valley Morning Star, McAllen Monitor, Odessa American, Pampa Daily News.*

Newspapers (nondailies)

ALABAMA: *Dothan Progress.* Three weeklies-Dothan. COLORADO: Community Press Newspapers-28 shoppers.

RANK

Gannett Co. 6

Rosslyn, Va.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	2,153	1,915	12.4
Total sales	2,209	1,960	12.7
Net income	253	224	13.1

Sales by media	1985	1984	% chg
Newspaper	1,680	1,483	13.3
Magazine	—	—	—
Broadcast	265	233	13.8
Cable	—	—	—
Outdoor	208	200	4.0

For Gannett Co., Rosslyn, Va., 1985 was a watershed year as it either concluded or began acquisition deals totaling more than $1 billion, including the early 1986 purchase of the Evening News Assn. and an agreement to buy the *Courier-Journal* and *Louisville Times.*

Gannett was the nation's sixth largest media company in 1985, its media revenues accounting for 97.4% of total revenues of $2.21 billion. Over-all revenues combined with those of Evening News Assn., Detroit, which Gannett formally acquired in February, 1986, gives Gannett a pro forma reading of $2.51 billion, up an additional 14%.

Gannett, heretofore known primarily as a profit maximizer in small markets and often monopolistic situations, in 1985 suddenly began offering itself as a white knight to the likes of CBS and Time Inc. and gaining the reputation of getting what it goes after. The big deals included the $200 million purchase of the Register & Tribune Co., Des Moines, Ia.; the $717 million acquisition of the Evening News Assn., Detroit, and, early in 1986, the $300 million purchase of *Courier-Journal* and *Louisville Times.*

Among the logotypes, mastheads and call letters brought into the Gannett fold during 1985 were the *Des Moines Register; Detroit News;* WDVM-TV, Washington; KVUE-TV in Austin, Tex.; the *Desert Sun* in Palm Springs, Cal.; *Family Weekly;* the Triangle Sign Co. in Chicago; the *Star* in Peekskill, N.Y.; the *Jackson Sun* in Jackson, Tenn.; Daily News in Indio, Cal.; the *Vinland Times-Journal* and the *Millville Daily* in New Jersey; KTKS (fm), Dallas-Fort Worth, and, in spring, 1986, the *Courier-Journal* and *Louisville Times.*

Having brought Gannett into the forefront as one of America's largest media companies, Allen H. Neuharth, Gannett's ceo since 1973 and chairman since 1978, passed on the ceo title to John J. Curley, Gannett's president, in late May at the company's shareholders meeting. Mr. Neuharth will now concentrate on long-range planning and acquisitions.

The top priority within the Gannett sphere of operations is presently *USA Today,* the almost 4-year-old national daily newspaper that analysts estimate lost $85 million in 1985. The paper, launched in September, 1982, is supposed to break even by the end of 1987, according to Gannett's original five-year plan. Mr. Curley says the paper is on target and will break even in the fourth quarter of 1987.

During 1985, *USA Today's* ad pages climbed to 3,375, representing a 44% gain in volume and a 67% gain in revenue over 1984.

Despite a price increase from 35 cents to 50 cents in late summer, 1985, paid circulation at *USA Today* increased 0.5% to 1,168,222 in March, 1986, according to ABC. Total circulation, including so-called bulk sales to hotels and airlines, was 1.41 million as of March, 1986.

In 1985, Gannett pulled 14 of its newspapers out of the ABC in a dispute over bulk circulation. While bulk is not a major issue with most newspapers, for *USA Today* it is vital. With some 250,000 papers distributed by hotels, airlines and other institutions and another 450,000 cut-rate, bulk sales now coming on stream as a result of a promotion with General Mills, bulk is becoming increasingly important to the national daily.

Gannett, however, apparently rethought its position regarding ABC after 50 publishers, among them the publishers of the country's largest and most respected newspapers, issued a statement supporting the ABC. Gannett returned the 14 dailies to ABC membership early this year.

Gannett's purchase and subsequent revamp of CBS Magazines' *Family Weekly* helped transform the Sunday magazine business while putting Gannett squarely in the eye of a storm swirling around the remake of *FW* into *USA Weekend.* As its name implies, *USA Weekend* bears a close resemblance to *USA Today,* and that led some 130 newspaper publishers to drop *FW* when it became *USA Weekend.*

Undaunted, Gannett began signing several big dailies, including the *Dallas Times-Herald, Denver Post, Chicago Tribune, Houston Post* and *Detroit News* to carry *USA Weekend,* in the process picking up all but about 200,000 of the 4.5 million circulation it lost to *Parade* magazine as publishers defected.

In the broadcasting segment, Gannett made some major moves in 1985 that made the company a much bigger force in the business. Though Gannett had tv outlets in Atlanta, Boston, Denver, Minneapolis-St. Paul, Oklahoma City and Phoenix, when it acquired (as part of the ENA deal) WDVM-TV, the CBS affiliate in Washington, gaining a much-sought-after local editorial voice in the nation's capital. It also added KVUE-TV, Austin, Tex., in the deal with ENA. The tv division was separated from radio beginning this year.

In its newly formed radio division, revenues were up 32% in 1985 (though the company does not yet break out the figures for radio alone). Gannett ended 1985 with 14 radio properties. There are now 16, including KTKS (fm) in Dallas, acquired in early 1986, and KHIT (fm), Seattle, acquired in May, 1986. That number will grow to 18 pending FCC approval of a just announced agreement to purchase the combo, KCMO and KBKC-FM, in Kansas City, from Summit Radio of Kansas City for $11.2 million.

Relocation moves also were announced for both the tv and radio divisions. Gannett will move its radio division from St. Louis to Los Angeles in 1986 and its tv division from Atlanta to Washington in mid-1987.

MEDIA PROPERTIES

Broadcasting

TV: KOCO-TV, Oklahoma City; KPNX-TV, Phoenix; KUSA-TV, Denver; KVUE-TV, Austin; WDVM-TV, Washington; WLVI-TV, Boston; WUSA-TV, Minneapolis-St. Paul; WXIA-TV, Atlanta.

RADIO: KIIS (am, fm), Los Angeles; KKBQ (am, fm), Houston; KHIT (fm), Seattle; KSDO (am, fm), San Diego; KUSA, KSD-FM, St. Louis; KTKS (fm), Dallas; WDAE, WIQI (fm), St. Petersburg-Tampa; WGCI (am, fm), Chicago; WCZY (am, fm), Detroit; KCMO, KBKC-FM, Kansas City (pending FCC approval).

Magazines

USA Weekend.

Newspapers (dailies)

USA Today, Washington.

ARIZONA: *Tucson Citizen.* CALIFORNIA: *Indio Daily News, Marin Independent Journal, Palm Springs Desert Sun, Salinas Californian, San Bernardino Sun, Stockton Record, Visalia Times-Delta.* COLORADO: *Fort Collins Coloradoan.* CONNECTICUT: *Norwich Bulletin.* DELAWARE: *Wilmington Morning News, Evening Journal.* FLORIDA: Cocoa Florida Today, Fort Myers News-Press, Pensacola News Journal. GEORGIA: *Gainesville Times.* GUAM: *Pacific Daily News* (Agana). HAWAII: *Honolulu Star-Bulletin, Sunday Honolulu Star-Bulletin.* IDAHO: *Boise Idaho Statesman.* ILLINOIS: *Danville Commercial-News, Rockford Register Star.* INDIANA: *Lafayette Journal and Courier, Marion Chronicle-Tribune, Richmond Palladium-Item.* IOWA: *Des Moines Register, Iowa City Press-Citizen.* KANSAS: *Coffeyville Journal.* LOUISIANA: *Monroe News-Star-World, Shreveport Times.* MICHIGAN: *Battle Creek Enquirer, Detroit News, Lansing State Journal, Port Huron Times Herald, Sturgis Journal.* MINNESOTA: *St. Cloud Daily Times.* MISSISSIPPI: *Hattiesburg American, Jackson Clarion-Ledger, Jackson Daily News.* MISSOURI: *Springfield Daily News, Springfield Leader & Press.* NEBRASKA: *Fremont Tribune.* NEVADA: *Reno Gazette-Journal.* NEW JERSEY: *Bridgewater Courier-News, Camden Courier-Post, Millville Daily, Vineland Times-Journal.* NEW MEXICO: *Santa Fe New Mexican.* NEW YORK: *Binghamton Press & Sun-Bulletin, Elmira Star-Gazette, Ithaca Journal, El Diario-La Prensa, Niagara Gazette, Poughkeepsie Journal, Democrat and Chronicle* (Rochester), *Times-Union* (Rochester), *Saratoga Springs Saratogian, Utica Daily Press & Observer-Dispatch.* Westchester Rockland Newspapers—*Mamaroneck Daily Times, Mount Vernon Daily Argus, New Rochelle Standard Star, Ossining Citizen Register, Peekskill Star, Port Chester Daily Item, Tarrytown Daily News, White Plains Reporter-Dispatch, Yonkers Herald Statesman.* OHIO: *Chillicothe Gazette, Cincinnati Enquirer, Fremont News-Messenger, Marietta Times, Port Clinton News Herald.* OKLAHOMA: *Muskogee Daily Phoenix and Times-Democrat.* OREGON: *Salem Statesman-Journal.* PENNSYLVANIA: *Chambersburg Public Opinion, Lansdale Reporter, Tarentum.* SOUTH DAKOTA: *Sioux Falls Argus Leader.* TENNESSEE: *Jackson Sun, Knoxville Journal, Nashville Tennessean.* TEXAS: *El Paso Times.* VERMONT: *Burlington Free Press.* VIRGIN ISLANDS: *Virgin Island Daily News* (St. Thomas). WASHINGTON: *Bellingham Herald, Olympia Olympian.* WEST VIRGINIA: *Huntington Herald-Dispatch.* WISCONSIN: *Green Bay Press-Gazette, Wausau Daily Herald.*

Newspapers (nondailies)

40 publications in Connecticut, Florida, Georgia, Iowa, Mississippi, New Jersey, New York, Pennsylvania and Virginia.

Media companies by estimated cable revenues

Company	Cable revenues 1985	Cable revenues 1984	1985 media revenues	Cable revs % of media revs	Cable revenue source(s)	1985 subscribers	'85-'84 % chng
Time Inc.	$1,370	$1,255	$2,852	48.0	ATC Corp.	2,500,000	4.2
					HBO	14,600,000	0.7
					Cinemax	3,700,000	12.1
Tele-Communications Inc.	577	449	577	100.0	Tele-Communications	3,660,938	10.9
Westinghouse Electric Co.	530	490	1,069	49.6	Group W/Chicago**	75,000	N/A
Cox Enterprises	421	405	1,326	31.7	Cox Cable Communications	1,475,647	(4.2)
Warner Communications	296	363	331	89.4	Warner Cable	1,158,805	(5.8)
Continental Cablevision	295	226	295	100.0	Continental Cablevision	1,064,000	13.3
Viacom International*	293	184	376	77.7	Viacom Cablevision	820,000	4.5
					MTV:Music Television	28,200,000	9.3
					VH-1	11,900,000	116.4
					Nickelodeon	26,300,000	5.6
					Showtime	5,200,000	(3.7)
					The Movie Channel	3,000,000	(6.3)
Times Mirror Co.	279	252	2,171	12.8	Times Mirror Cable Television	996,606	0.3
Advance Publications	170	160	2,030	8.4	Newhouse Broadcasting	927,000	6.2
United Cable Television Corp.	169	141	169	100.0	United Cable Television	949,000	39.6
Sammons Communications	132	120	132	100.0	Sammons Communications	665,000	2.5
Capital Cities/ABC	132	110	3,841	3.4	Capital Cities Cable	375,838	3.0
					ESPN	37,000,000	3.6
Turner Broadcasting Co.	127	88	332	38.1	WTBS, Atlanta	35,219,000	N/A
					CNN	33,501,000	4.0
					CNN Headline News	18,898,000	23.5
TeleCable Corp.	122	99	122	100.0	TeleCable Corp.	455,365	6.4
Rogers Cablesystems	118	90	118	100.0	Rogers Cablesystems	586,860	(0.3)
					UA Cablesystems	711,000	2.4
Maclean Hunter Communications	77	63	258	29.7	Maclean Hunter Cable Tv Ltd	247,407	4.0
Multimedia Inc.	74	66	336	22.0	Multimedia Cablevision	268,063	2.3
Heritage Communications	66	56	96	68.9	Heritage Communications	585,450	N/A
Providence Journal Co.	60	35	208	28.8	Colony Communications	216,320	12.0
Tribune Co.	53	40	1,684	3.2	Tribune Cable Communications	219,124	21.6
					WGN-TV, Chicago	19,925,000	28.6
					WPIX, New York	2,257,000	88.1
Rollins Inc.	47	39	100	47.2	Rollins Cableview	202,790	N/A
Harte-Hanks Communications	37	24	550	6.7	Harte-Hanks Communications	140,569	3.3
Chronicle Publishing	33	31	255	12.9	Western Communications	175,845	16.2
New York Times Co.	26	22	1,394	1.9	NYT Cable	125,337	3.6
Blade Communications	25	23	174	14.4	Buckeye Cablevision	125,925	(25.8)
Media General	25	8	331	7.4	Media General Corp.	81,429	40.4
Playboy Enterprises	24	19	172	13.8	Playboy Channel	753,000	(5.9)
Oklahoma Publishing Co.	15	12	411	3.7	Nashville Network	25,000,000	19.0
Scripps Howard	14	11	900	1.6	Scripps Howard	234,411	11.5
McClatchy Newspapers	13	13	275	4.7	McClatchy Newspapers	81,783	(2.0)
Howard Publications	13	11	178	7.1	Falcon Cable Tv	245,000	103.2
Donrey Media Group	8	6	237	3.2	Donrey Cablevision	42,384	2.9
Hearst Corp.	7	6	1,540	0.5	Hearst Cablevision	35,000	16.7
Landmark Communications	6	5	259	2.3	Weather Channel	19,800,000	N/A
Meredith Corp.	5	4	356	1.4	Star CATV	N/A	N/A
					Planned Cable System	45,000	N/A
Central Newspapers	2	1	384	0.4	Telegroup	N/A	N/A
Kohlberg Kravis Roberts & Co.	1				Storer Cable Communications	1,521,000	N/A
					Wometco	N/A	N/A

NOTE: Dollars in millions. Source: Cabletelevision Advertising Bureau, Cable Tv Fact Book. * Nick-at-Nite, the evening component of Nickelodeon, has 20.9 million subscribers. Lifetime, a joint venture of Capital Cities/ABC, Hearst and Viacom, has 25 million. ** Only Group W system not sold.

Other media operations

Gannett Media Sales, Gannett News Service, Gannett Outdoor Advertising, Gannett Satellite Information Network, Gannett Program Productions, Louis Harris & Associates, Gannett Offset, Mediacom.

GFV Communications

RANK 43

Livonia, Mich.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	270	211	28.0
Total sales	270	211	28.0
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Fsi	270	211	28.0

With the number of newspapers running GFV Communications free-standing inserts up 13% in 1985, boosting over-all circulation 2.5%, and the average frequency per insert growing substantially from 1984, total revenues for this producer of Valassis newspaper inserts have improved 28% in fiscal 1986 from the previous year.

The Livonia, Mich.-based company ranked 43rd among media companies with media revenues of $270 million for the fiscal year ended April 30, 1986, up 28% from $211 million in 1984.

In 1985, GFV began to experience an evolution in the type of clients served. In addition to its traditional package goods clients, the company began to serve larger numbers of marketers of healthcare products, small appliances and household batteries. "The variety continues to expand," says Barry Hoffman, GFV general counsel.

GFV is the largest U.S. producer of free-standing inserts. These are the cents-off, coupon-bearing folders reproduced in high-quality paper, four-color and typically placed in Sunday newspapers to promote sale of food, household and personal products. The traditional GFV client presents artwork or film for printing and distribution by GFV. GFV offers a design service for clients needing that help. Its fees are based on creative, printing costs and total circulation.

Total distribution of GFV's Valassis inserts also continues to expand. The number of newspapers served—almost all of them Sunday editions—is up about 13%, to 289 (in early 1986) from about 250 in 1984; frequency in 1985 jumped to 33 times annually from 26 the previous year; circulation per insert is up about 2.5% to 47.1 million from 46 million in 1984; and total annual circulation climbed to 1.56 billion in 1985 from slightly more than 1 billion in 1984.

Between January, 1986, and May, GFV has added 13 newspapers nationwide, with circulations totaling about 910,000. A strategy seems apparent in these additions: They are mostly the same size, between 40,000 and 60,000, except for the *San Antonio* (Tex.) *Express-News* with 229,863 for its Sunday paper as measured by ABC for the six-month period ended March 31, 1986. The other newspapers and their Sunday circulations for the same period: In Massachusetts, the Brockton *Enterprise*, 62,992; *Lawrence Eagle-Tribune*, 60,750; Framingham *Middlesex News*, 53,892, and Lowell *Sun*, 56,365. Also, the Atlantic City, N.J., *Press*, 87,197; *York* (Pa.) *Daily Record*, 40,594 (a morning, six-day paper); *Gainesville* (Fla.) *Sun*, 53,646, and *Ocala* (Fla.) Star Banner, 48,095; *Sioux City* (Ia.) *Journal*, 46,813; *San Gabriel* (Cal.) *Valley Daily Tribune*, 79,761, and Pasadena (Cal.) *Star-News*, 45,840; and the *Anchorage* (Alaska) *Times*, 50,070.

In a seemingly rapid turnover, GFV in the fall of 1985 sold the JAMI Group, a Fort Lee, N.J., list management company GFV had bought in September, 1984. GFV will say only the sale was "for business reasons."

Promotion of Valassis inserts continued at a substantial level in 1985 with spending again, as in 1984, at about $500,000 for print media.

As the marketing needs of advertisers have grown more varied, production of Valassis inserts has become more complex. Products increasingly are being promoted with different messages across the country or even in the same region to meet varying test marketing programs, changing product availability, and multiple advertising strategies.

On line are its two new production facilities, Thomas C. Lane Publishing Co. in Durham, N.C., and Valassis Color Graphics in Wichita, Kan. These are state-of-the-art plants for heat-set offset lithography, using custom-designed printing equipment, robots, wire-guided vehicles for product movement in-plant. The original plant in Livonia, Mich., a Detroit industrial suburb, is the largest of the plants handling heavy production, including those runs that are too big for the other two.

Distribution of Valassis inserts moves through regional centers in Ridgefield, Conn.; New York; Atlanta; Chicago, and Los Angeles. In addition, GFV spots field representatives at various locations around the U.S. to give customers local attention.

A glance at a Valassis insert tells something about the genesis of these slick addenda to the Sunday paper.

George P. Valassis established the four-color, fsis during the early 1970s when he concluded high-volume consumer products—especially food—could not be depicted successfully in only black and white coupons. Operating from his Livonia printing plant, he introduced the four-color, cents-off coupon in the Detroit area.

Today four major players compete in the fsi marketplace, GFV and its three main competitors: NCC, based in Connecticut; Quad Inserts of New York and Pewaukee, Wis., and Market Showcase, New York.

Coupons, as such, are a highly competitive field, including not only fsis but also direct mail, coupon pacs, bound-in magazine inserts and on-door promotions. But fsis are the Valassis specialty, and that's where GFV sees continuing success.

MEDIA PROPERTIES

Valassis Inserts and Promotion Watch, both of Farmington Hills, Mich.; Valassis Printing, Livonia, Mich.; Thomas C. Lane Publishing, Durham, N.C.; Valassis Color Graphics, Wichita, Kan.

Tv's shareholders split

CBS has surfaced as a potential buyer of Boston's WNEV-TV, one of the few remaining major market stations that's locally owned. But while one faction of WNEV shareholders argues selling for a good price in a bull market, another faction likes running a broadcast station. CBS, with four owned stations, would have five in the top six markets with WNEV.

Harcourt Brace Jovanovich

RANK 76

Orlando, Fla.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	137	119	15.1
Total sales	990	755	31.1
Net income	50	34	47.1

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	119	103	15.5
Broadcast	15	16	12.5
Cable	—	—	—
Outdoor	—	—	—

Harcourt Brace Jovanovich Inc., which completed the move of its corporate headquarters from New York to Orlando, Fla., in 1985, got a strong 22.4% increase in revenues from its trade magazines, a gain attributed to acquisitions concluded during the year

DIET
Dr Pepper

We delivered fat figures for Diet Dr Pepper.

John Albers
President, Dr Pepper Company

"Recently we used a television commercial to offer viewing households nationwide a free can of Diet Dr Pepper. All consumers had to do to take advantage of the offer was call a toll-free number.

"It was the single largest sampling effort in the history of the Dr Pepper Company. We felt a campaign of this magnitude could only be handled by the largest telemarketing company in the country. WATS Marketing of America. Not only did WATS Marketing have the size and technical capability, but based on our past experience with them, we knew they could do the job.

"Strategic staffing and thorough pre-planning guaranteed we'd get the results we wanted. And we did. In fact, the promotion was so successful, we're considering doing it again."

Helping clients reach marketing objectives. That's our goal at WATS Marketing of America. Nobody has more experience and nobody gets results like we do.

For information on how WATS Marketing of America can help you achieve your marketing goals, give us a call. We know how to get sweet results for any promotion.

Call our President, Tony Holzapfel

1-800-351-1000

An American Express company

WATS MARKETING of America, Inc.
Omaha, Nebraska 68134
402-571-8866

Full Range of Outbound Services Available.

DR PEPPER, DR and PEPPER are registered trademarks of Dr Pepper Company, Dallas, Texas, 1986

and to increased advertising revenues.

The over-all gain, which came despite a decline in advertising revenues from the farm periodicals, made HBJ the 76th largest media company. Media represents only 14% of total sales at HBJ, which is involved in parks, insurance and book publishing in addition to trade magazines.

The bulk of HBJ's publishing activity consists of textbooks and other instructional materials for kindergarten to university students. Combining revenues from HBJ's school department with those of Coronado Publishers and the Psychological Corp., the company is among the country's largest educational publisher.

HBJ Publications, which includes 121 titles for business, industry and the professions, also publishes newsletters in connection with many of these publications and coordinates trade and consumer shows. Newsletter revenues are merged into those for magazines in this report.

Most business magazines and directories under the HBJ umbrella are controlled circulation publications. Distributed free to professionals, manufacturers and product dealers, the periodicals are supported by advertising.

During the year, the publications division acquired *Pocket Survival Guide* and "Showpower" from Media Group Ltd., a Los Angeles-based communications company. *Pocket Survival Guide* is distributed before and during major industry shows and professional conventions, providing data on show events. More than 45 such guides are published annually.

"Showpower" is a series of tv commercials produced and designed to air concurrently in cities where major shows are held. Patrick M. O'Rourke, former president of HBJ's Beckley-Cardy Co., the world's largest school supplies dealer, was named president of the two new HBJ acquisitions.

HBJ in late May, 1986, bought *Oklahoma/Texas Farmer-Stockman* magazines from Oklahoma Publishing Co., Oklahoma City. Terms were not disclosed. At about the same time it sold its financially struggling *Legal Times*, a weekly tabloid newspaper, to Am-Law Newspapers Corp. for an estimated $3 million.

The company also announced a series of promotions within its publications division. Named group vps were Bill Dolan, Jim Donnelly and Bob Early. Mr. Dolan is publisher of the beverage industry publications, while Mr. Donnelly is publisher of the energy publications, and Mr. Early is publisher of the lawncare publications.

Pete Sullivan and Larry Cohen were named group publishers. Mr. Sullivan's publication responsibilities include the manufacturing and plastics titles, where Mr. Cohen oversees the newest operation, Group Travel Publications and Services. Other promotions include Bob Hillique to the new position of publishing director of the candy magazines, Tom Hutchinson to publisher of *Home & Auto* magazine and Bob Elliott to publisher of *Dairy Field.*

Apart from the publications division, HBJ invested in two startup ventures in 1985. Learned & Tested, the Education Co., was started in Austin, Tex., along with HBJ Learning Boards. Each fashions materials to meet local specifications for students with special learning needs as well as for 4-year-olds, the latter representing a new market for the company.

Through a stock swap valued at $23.8 million, HBJ acquired Cypress Gardens in Florida and immediately made plans to stop the attendance slide at the amusement park, situated close to HBJ's Sea World in Orlando. In the same package, the company bought Circus World, but closed it down to convert it to "Boardwalk and Baseball," a baseball park with thrill rides.

The company added to its insurance properties by acquiring two units of Home Insurance Co. for $130 million. The subsidiaries are Federal Home Life Insurance Co. and PHF Life Insurance Co., both of Battle Creek, Mich. These have been added to HBJ's underwriting company, Harvest Life Insurance Co., which sells insurance through two New York agencies and accident and health and life policies to rural dwellers in the Midwest.

MEDIA PROPERTIES

Broadcasting

TV: WDIO-TV, Duluth, Minn.; WIRT, Hibbing, Minn.

Magazines

COMMUNICATIONS: *Communications News, Telco Craftsman, Telephone Engineer & Management, Telephone Engineer & Management Directory, Telephone Engineer & Management Fast Action Postcards.* EDUCATION: *Instructor, Instructor Action Cards, Instructor Books, Instructor Computer Director for Schools, Instructor Education Service.* ENERGY: Brown's Directory of North American and International Gas Companies, Drilling, L-P Gas, Petroleum Engineer International, Pipeline & Gas Journal, Practical Guide to LP Gas Utilization, SGA Directory. FARM: *Colorado Rancher & Farmer, Kansas Farmer, Michigan Farmer, Missouri Ruralist, Nebraska Farmer, Ohio Farmer, Pennsylvania Farmer, Oklahoma/Texas Farmer Stockman.* HEALTHCARE: *Dental Laboratory Review, Dental Laboratory Review Buyer's Guide, Dental Management, Dermatology Times, DVM, Newsmagazine of Veterinary Medicine, Geriatrics, Hearing Instruments, Hospital Formulary, Modern Medicine, Neurology, Ophthalmology Times, Optometry Times, Physician's Management, Urology Times.* MANUFACTURING, DISTRIBUTING & SERVICE: *American Automatic Merchandiser, American Automatic Merchandiser Bluebook, Concrete, Concrete Industry Yearbook, CPI 100 (Chemical Processing Industry), CPI 100 Action Cards, Exteriors, Food Management, Food Management Positive Action Cards, Food Sanitation, Lawn Care Industry, Pest Control, Pit & Quarry, Pit & Quarry Cement Plant Glossary, Pit & Quarry Directory, Pit & Quarry Handbook, Roof Design Handbook of Commercial Roofing Systems, RSI (Roofing/Siding/Insulation), Weeds, Trees & Turf.* MERCHANDISING: *Body Fashions/Intimate Apparel, Body Fashions/Intimate Apparel Directory, Body Fashions/Intimate Apparel International Edition, Body Fashions/Intimate Apparel Market Maker, Flooring, Home & Auto, Home & Auto Buyer's Guide, Hosiery & Underwear, Housewares, Pets/Supplies/Marketing.* PAPER: *International Container Directory, Official Container Directory, Paperboard Packaging, Paper Year Book.* PLASTICS: *Plastics Compounding, Plastics Compounding Postcards, Plastics Compounding Redbook, Plastics Design Forum, Plastics Machinery & Equipment, Plastics Machinery & Equipment Postcards.* PROCESSING & PACKAGING: *Beverage Industry, Beverage Industry Annual Manual, Candy Industry, Candy Industry Buying Guide, Candy Marketer, Dairy Field, Dairy Field Buying Guide, Drug & Cosmetic Catalog, Drug & Cosmetic Industry, Food & Drug Packaging, Food & Drug Packaging Postcards, Quick Frozen Foods Directory of Frozen Food Processors, Snack Food.* RECREATION AND LEISURE: *Bicycle Dealer Showcase, Flotation Sleep Industry, Flotation Sleep Industry Buyers Guide, Motorcycle Dealernews, Motorcycle Dealernews Buyers Guide, Motorcycle Dealernews International Aftermarketing Magazine, Spa & Sauna, Spa & Sauna Buyers Guide, Video Store.* TRADE SHOWS: *Pocket Survival Guide,* Showpower. TRAVEL & LODGING: Corporate Meetings & Incentives, Corporate Meetings & Incentives Action Cards, Corporate Travel Agent, Directory of Incentive Travel International, Hotel & Motel Mangement, Hotel & Motel Management Quick Order Product Postcards.

Newsletters

Homeowners Advisory Letter, Investing in Real Estate, Jack Anderson's Washington Letter, Real Estate Investing Letter.

OTHER OPERATIONS

Book clubs, book publishing, convention services, instructional materials, insurance, management consulting, Florida Cypress Gardens, Sea World Enterprises, trade & consumer shows.

RANK

Harte-Hanks Communications 24

San Antonio, Tex.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	550	500	10.0
Total sales	550	500	10.0
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	230	215	7.0
Magazine	—	—	—
Broadcast	74	71	3.9
Cable	37	24	54.8
Other	209	176	18.8

Harte-Hanks Communications, which returned to private status in a leveraged buyout in 1984, experienced revenue growth of 10% in 1985 as it continued its aggressive expansion by trading or buying a slew of dailies and nondailies, starting a Sunday supplement for its Texas papers and entering the magazine field.

Harte-Hanks was the nation's 24th largest media company in 1985.

San Antonio, Tex.-based Harte-Hanks derives all its revenues from media operations: Newspapers, magazines, tv, broadcasting, cable and direct marketing.

"We want to be a growth company and build around five core businesses —newspapers, television, direct marketing, shoppers and cable," says Robert G. Marbut, Harte-Hanks president-ceo. He says Harte-Hanks has a growth strategy plan for each of the core segments, "and some of the steps [taken in 1985], such as the newspaper acquisitions, are part of it. Collectively we hope this will give us better than average opportunity for growth."

Harte-Hanks in 1985 took measures to fulfill its growth strategies by acquiring a satellite master antenna tv operation in Miami Beach, the *San Antonio Monthly* magazine, a number of dailies and nondailies in Boston, Atlanta and Dallas, and by starting *Texas Weekly*, a Sunday supplement that is now the largest print media buy in Texas.

This activity mirrored an aggressiveness exhibited in 1984 when the company added cable tv systems with 100,000 subscribers in 10 states, expanded weekly advertising shoppers by more than 800,000 circulation in selected markets, launched KENS II tv channel over the San Antonio cable system and established a nationwide sales force for Harte-Hanks Direct Marketing.

The newspaper publishing business continues to be its lead media sector. The company owns and operates 23 daily newspapers and more than 100 nondaily publications, including community newspapers, city magazines, military base publications and targeted publications.

The company's largest newspaper is the *Corpus Christi* (Tex.) *Caller-Times* with 85,500 combined daily circulation for the March 31, 1986, ABC six-month reporting period, up 2.8% from the previous year.

In March, 1986, Harte-Hanks announced it would add 19 newspapers, including four dailies, in a series of trades and acquisitions. Included in the acquisitions are the evening *Dedham Daily Transcipt* (12,188 circulation as of March 31, 1986, down from 12,581 for the year-earlier period) and the evening *Waltham News-Tribune* (13,168, down from 13,375) in Massachusetts, and in the Dallas area—the *Lewisville Daily Leader*, a Tuesday through Friday and Sunday paper with daily ABC circulation of 4,138 on June 30, 1985, and the *Plano Daily Star-Courier*, a Monday through Friday and Sunday paper with 17,296 audited circulation as of Dec. 31, 1984, the latest available figures.

"We're pleased with these moves because they allow us to be in areas with faster growth potential than we have experienced in markets we are leaving. For our kind of business, the Dallas and Boston areas are two of the most attractive markets in the United States," Mr. Marbut says.

Harte-Hanks also acquired Century Newspapers of Winchester, Mass., publisher of six weekly newspapers in the Boston suburbs, effective June 1, 1986.

The Century transaction includes the National News Service of New York, which publishes the weekly *Commercial & Financial Chronicle* and monthly *Bank & Quotation Record.*

Harte-Hanks entered the magazine business through its purchase in February, 1985, of the *San Antonio Monthly*, bought from San Antonio Publishing Co. The city magazine has a circulation of 20,000.

In September, 1985, Harte-Hanks introduced *Texas Weekly*, a Sunday magazine concentrating on Texas news and features. It replaced Gannett Co.'s *USA Weekend* in some of the 13 Harte-Hanks-owned Texas newspapers and was a new feature in others. *Texas Weekly* has a current circulation of 573,291 and is carried in 27 newspapers.

Texas Weekly has provided a network into the marketing of 984,000 households in smaller towns and cities, the equivalent of Texas' largest city.

All direct marketing divisions were combined into one nationwide group in 1985. Shopper operations, previously under Harte-Hanks Direct Marketing, became a separate group. The move was designed to give additional senior management focus to shoppers and to structure direct marketing efforts, Mr. Marbut says.

On the corporate level, some corporate office functions were moved into the operating units, such as direct marketing and newspapers, to reduce corporate staff, and a national sales force was created in the direct marketing operations, moves designed to "get the structure more efficient, more supportive of our strategy and closer to the customer," Mr. Marbut says.

Harte-Hanks, the largest shopper publisher in the U.S., owns and operates shoppers that are zoned into 413 editions, reaching 4.8 million households.

The largest Harte-Hanks shopper is in Southern California, with a circulation of 2,379,000 as of April 30, 1986. Harte-Hanks is one of the top five largest third-class mailers, according to Mr. Marbut.

Harte-Hanks' broadcast business consists of four vhf stations in San Antonio; Greensboro, N.C.; Jacksonville, Fla., and Springfield, Mo. The company continues to pursue opportunities in cable. Harte-Hanks increased its number of cable subscribers in 1985 to 144,269, up 3%.

Newspapers, vhf tv and cable are just a part of the Harte-Hanks communications empire. The company owns a trade publication for the radio industry; 25 direct mail systems, which can offer advertisers direct mail programs reaching 96% of U.S. households; five alternate delivery systems reaching more than a million households via hand delivery; six marketing services companies, and a nationwide trucking service specializing in delivery of advertising materials.

MEDIA PROPERTIES

Broadcasting

TV: KENS-TV, San Antonio, Tex.; KYTV, Springfield, Mo.; WFMY-TV, Greensboro/High Point, N.C.; WTLV, Jacksonville, Fla.

Cable/video

SYSTEMS: ARIZONA: Benson, Douglas, Fort Huachuca, Green Valley, Huachuca City, Payson, Santa Rita Belair, Sierra Vista, Skyline, Tombstone, Wilcox, Williams. COLORADO: Akron, Otis, Yuma. FLORIDA: Miami Beach, Okeechobee, South Miami. GEORGIA: Rockmart. NEW JERSEY: Asbury Park, Ocean. NORTH CAROLINA: Elizabeth City. OHIO: Blanchester, Wilmington. OKLAHOMA: Grove, Okmulgee. PENNSYLVANIA: Delaware County, Montgomery County. TENNESSEE: Gatlinburg, Madisonville, Pidgeon Forge, Sweetwater.

Magazines

San Antonio Monthly, Texas Weekly Magazine, Radio & Records.

Newspapers (dailies)

ARKANSAS: *Malvern Daily Record, Daily Courier-Democrat* (Russellville), *Daily Citizen* (Searcy), *Stuttgart Daily Leader.* GEORGIA: *Daily Times-Georgian* (Carrollton). MASSACHUSETTS: *Daily Transcript* (Dedham), *Middlesex News* (Framingham), *News-Tribune* (Waltham). SOUTH CAROLINA: *Anderson Independent-Mail.* TEXAS: *Abilene Reporter-News, Bryan-College Station Eagle, Corpus Christi Caller-Times, Corsicana Daily Sun, Denison Herald, Herald Banner* (Greenville), *Lewisville Daily Leader, Paris News, Plano Daily Star-Courier, San Angelo Standard-Times, Wichita Falls Record News, Wichita Falls Times.*

Newspapers (nondailies)

ARKANSAS: *Charleston Express, Post-Dispatch* (Dardanelle), *Greenwood Democrat, Paris Express-Progress.* CALIFORNIA: *Coronado Journal, La Jolla Light, Star-News Publications, Publisher's Offset* (San Diego County). GEORGIA: *Bowdon Bulletin, Douglas County Sentinel, Haralson Gateway-Beacon* (Bremen), *Sweetwater News Enterprise, Villa Rican.* MASSACHUSETTS: *Needham Chronicle, Newton Graphic, Parkway Transcript* (Roslindale), *Sudbury Town Crier, Wayland-Weston Town Crier, Wellesley Townsman, West Roxbury Transcript.* NEW MEXICO: *Valencia County News Bulletin* (Belen). TENNESSEE: *Mountain Press,Mountain Visitor.* TEXAS: *Addison/North Dallas Today, Allen American, Carrollton Chronicle, Colony Leader, Commerce Journal, Coppell Gazette, Copperas Cove Leader-Press, Farmers Branch Times, Harte-Hanks Graphics* (San Antonio), *Herald Newspaper Group* (San Antonio), *Mesquite News, Royse City Leader, Trademark Press* (Corpus Christi), *Nortex Press* (Wichita Falls).

Other media operations

Harte-Hanks Direct Marketing, National News Service, publisher of the weekly *Commercial & Financial Chronicle* and monthly *Bank & Quotation Record.*

Media companies by estimated outdoor revenues

Company	Outdoor revenues 1985	Outdoor revenues 1984	1985 media revenues	Outdoor revs % of media revs	Outdoor property	Number of structures**
Patrick Media Group	$220	$204	$220	100.0	Foster & Kleiser (pending)*	43,211
Gannett Co.	208	200	2,153	9.6	Gannett Outdoor Advertising	23,344
3M	200	174	200	100.0	3M National Advertising	5,349
Winston Network	105	95	105	100.0	Winston Outdoor Advertising	1,244
Ackerley Communciations	76	70	104	73.0	Ackerley Communications	9,068
Morris Communications Corp.	52	—	284	18.4	Naegele Outdoor Advertising	16,627
Rollins Communications	25	23	100	25.4	Rollins Outdoor Advertising	7,153
Donrey Media Group	9	7	237	3.8	Donrey Outdoor Advertising	7,614

NOTE: Dollars in millions.

Source: Traffic Audit Bureau as supplied by Institute of Outdoor Advertising.

* Includes 1,329 structures owned by Patrick Media Group and 41,882 structures owned by Foster & Kleiser. ** Not including eight-sheet boards.

RANK

H&C Communications 95

Houston

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	102	73	38.8
Total sales	102	73	38.8
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	1	1	80.0
Broadcast	101	73	38.5
Cable	—	—	—
Outdoor	—	—	—

While H&C Communications faces a soft revenue picture for its two Houston broadcast properties, the privately held company's four other network affiliate tv stations helped boost total net revenues 38.8% in 1985 over the previous year. H&C Communications was the nation's 95th largest media company in 1985.

The Houston-based company places net revenues in 1985 at $101.9 million compared with a revised figure of $73.4 million in 1984. The 1984 figure of $132 million, appearing in the 100 media companies issue last year, was a gross revenue figure including projected revenues from two Cowles stations that weren't acquired until January, 1985. Net revenues exclude commissions, which are factored into gross revenues.

The company expects to see net revenues reach $120 million for 1986, according to Jim Crowther, H&C president. Gains in 1985 were attributed largely to the acquisition of the two Cowles tv properties. Broadcast has been the media area in which H&C has redeployed its assets after the sale of the *Houston Post* in 1983.

The company, owned by the Hobby family of Houston and the Catto family of McLean, Va., includes five network affiliate tv stations, one radio station and a monthly magazine. Application for purchase of a sixth station, KSAT-TV, San Antonio, is pending FCC approval.

In January, 1985, the company acquired WESH-TV, the Daytona Beach/Orlando NBC affiliate, and KCCI-TV, the Des Moines, Ia., CBS affiliate, from Cowles Communications of Orlando, Fla., for a combined $182.5 million. Since the acquisition, the other two Orlando network affiliates each have sold for more than $185 million.

Performance at WESH-TV has exceeded expectations. The station is doing "very, very well in a very attractive market," Mr. Crowther says.

The Daytona Beach/Orlando market has jumped to 28th place among Areas of Dominant Influence from 30th the year before, according to Arbitron.

"We are experiencing the best ratings ever at WESH-TV with a No. 1 sign-on to sign-off position in both ratings books," says Harold Crump, president of H&C's Broadcast Group. "We are planning to build a new facility there in the immediate future."

Other properties also fared well last year. Mr. Crump notes that KCCI-TV, the other property acquired from Cowles, and KVOA-TV, the Tucson NBC affiliate, last year were both "pleasant surprises."

KCCI-TV holds a strong No. 1 position in the Des Moines market, according to Mr. Crump, who adds that the station's revenues for 1985 were ahead 9% over 1984 and projects greater growth in 1986.

In contrast to Des Moines, the Tucson market has "powerhoused," Mr. Crump says. "KVOA-TV did extremely well in the ratings and the local news is dominant." A new local news program was added at 4:30 p.m., enhancing an already strong local news operation.

H&C's Nashville, Tenn., property, CBS affiliate WTVF-TV, has had a tough time because of a soft local economy, but the station is in a close

is expected to pick up with the advent of GM's Saturn plant and American Airlines' planned Nashville hub. "We're looking forward to a booming economy by the fourth quarter," he says.

With broadcast revenues generally flat in Houston, KPRC-TV, the NBC affiliate, has had soft sales, though the station maintains its No. 2 position behind KTRK-TV, the ABC affiliate. "Houston's problems are a result of a combination of the oil and real estate slump," Mr. Crowther says.

If Houston's tv revenues are suffering, then the radio story is even worse, suggests Mr. Crump, adding that the am station, KPRC, is no exception. "Radio is having a really tough time here now," he says. "We've seen shrinkage in our audience and we intend to reverse the trend with some format changes." The radio station has retained its news-talk format but in early May instituted a 4 p.m.-to-7 p.m. sports talk show to increase numbers. New personalities were added also. "We'll take a hard look at the numbers six months from now, but we are pinning our hopes on sports talk," Mr. Crump says.

Washington Journalism Review, H&C's only print property, boosted last year's average circulation to 27,813, up 12.2% for the monthly magazine aimed at communicators, corporate executives and government leaders. The circulation figures include paid subscriptions, newsstand sales and nonpaid subscriptions. The publication had net revenues of $900,000 in 1985, according to Jessica Catto, publisher and H&C vp.

WJR entered a joint venture in 1984 with Crain Communications Inc., parent of ADVERTISING AGE, to handle advertising, circulation and provide some editorial support. Terms called for a two-year limited partnership.

Crain decided not to exercise its option to buy stock in *WJR* and effective April 1, 1986, is no longer involved with the magazine, says Ms. Catto. The parting was friendly and further publishing ventures with Crain were not precluded, she adds.

H&C has plans before the FCC to acquire San Antonio's ABC affiliate, KSAT-TV, for $153 million, from Outlet Co., a subsidiary of the Rockefeller Group. Approval is expected later this summer.

Acquisition of KSAT-TV would mean H&C covers all three networks. The company had owned an ABC affiliate, WTOK-TV, Meridian, Miss., but sold the station to Southeastmedia in late 1984 for $13.1 million. The move was made in compliance with the then FCC rule limiting vhf tv ownership to five stations. The rule since has been amended to permit ownership of 12.

"We decided it was timely to move away from print," Mr. Crowther says, referring to the company's $130 million sale of the *Houston Post* to Toronto Sun Co. in 1983. "We are likely to remain broadcasters who operate affiliates but will look at whatever possible transactions are presented to us."

MEDIA PROPERTIES

Broadcasting

TV: KCCI-TV, Des Moines, Ia.; KPRC-TV, Houston; KVOA-TV, Tucson, Ariz.; WESH-TV, Daytona Beach/Orlando, Fla.; WTVF, Nashville, Tenn.; KSAT-TV, San Antonio, Tex. (pending FCC approval).
RADIO: KPRC, Houston.

Magazines

Washington Journalism Review.

RANK

Hearst Corp. 11

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,540	1,400	10.0
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	740	687	7.7
Magazine	569	503	13.1
Broadcast	224	204	9.8
Cable	7	6	16.7
Outdoor	—	—	—

Hearst Corp. experienced a generally soft year in its broadcasting, magazine and newspaper properties as national advertising spending, following industrywide trends, turned flat to down, retail advertising showed no growth and classified advertising registered only modest gains.

New York-based Hearst, the 11th largest media company, was hit hardest in the broadcasting segment by the softness in national advertising, especially in year-to-year comparisons —four of Hearst's tv stations (now five) are ABC affiliates that benefited greatly from coverage of the 1984 Winter and Summer Olympics.

The broadcasting segment was buoyed by the acquisition of WCVB-TV, the ABC affiliate in Boston, the nation's sixth largest tv market. Hearst bought the station from Metromedia Inc., Secaucus, N.J., for $450 million. The actual acquisition occurred in 1986 and brought to six the number of tv stations owned by Hearst and made the company the second largest operator of network-affiliated tv stations.

The magazine segment in 1985 kept even with 1984's pace, thanks largely to the continued growth of *Country Living*, up 5.6% in ad pages and 33.2% in ad revenue to $21.2 million, and continued improvement at *Redbook*, with ad revenues of $57.2 million, up 7.7% despite a 0.9% decline in ad pages, according to Publishers Information Bureau.

Good Housekeeping, celebrating its 100th anniversary, produced two record-setting issues of 454 and 376 pages in May and December. Its ad page count grew 1% as revenues increased 6.8% to $142.4 million, according to PIB. *Cosmopolitan*, which set records with a special issue marking the 20th anniversary of Helen Gurley Brown's editorial stewardship, had a 5.9% increase in ad revenues to $100.8 million on a 2.2% decline in ad pages.

Connoisseur, after less than four years of publishing in the U.S., posted ad page gains of 20.6%, ad revenue growth of 57.9% to $7.3 million, and circulation gains of nearly 15%. *Sports Afield* recorded its sixth consecutive year of more than 1,000 ad pages with 1,034, down 1.8%, and ad revenues of $13.9 million, up 8.5%. *Motor Boating & Sailing* posted a 3% improvement in ad pages.

On the down side, *Harper's Bazaar* suffered a 4.4% decline in ad pages and flat ad revenues of $31.1 million despite circulation gains; *House Beautiful*, which changed its page size to conform to several other Hearst magazines early in 1986, lost 14.6% in ad pages, which brought a 7.2% decline in ad revenue to $24.2 million.

Colonial Homes lost 10.2% in ad pages, although it gained 1.2% in ad revenues to $6.4 million; *Town & Country*, despite a record setting issue in November, lost 7.[illegible] in ad pages and 1.3% in ad revenues to $26.7 million. Ad pages dropped 24.9% and revenues 16.2% to $4.2 million at Science Digest, which reached a circulation high. Science magazines in general have suffered from a lack of ad support in 1985. *Popular Mechanics* increased its share of market in the men's magazines arena and just about held its own in ad pages with an 0.3% growth that brought a 5.4% increase in ad revenues to $28.7 million.

In a major corporate promotion, Gilbert C. Maurer, president of Hearst Magazines, was elected an exec vp of the corporation, reporting as the "No. 1 deputy in all corporate matters" to Frank A. Bennack, Hearst Corp. president and ceo.

In the company's cable division, both its system operation and satellite network programing services grew in numbers served. Hearst made one acquisition in cable in 1985 with the purchase by Hearst Cablevision of California of the 3,650-subscriber Saratoga, Cal., cable system. The Arts & Entertainment Network, in which Hearst is a joint venture partner with ABC and RCA, increased its household penetration by 33% to more than 16 million. Lifetime, Hearst's joint

national, continued to attempt to stake out a position as "the women's network" serving some 27 million homes.

The Hearst newspaper division, buoyed by the acquisition of the *Beaumont Enterprise* in Texas, increased its contribution to the bottom line despite the softness in the advertising marketplace. The *Enterprise* had daily morning circulation of 68,659, according to six-month ABC averages ended March 31, 1986, down 2.3% from the corresponding period a year earlier. Sunday totals were 77,982, down 1.9%.

In May, 1986, the company folded the *Baltimore News American* after circulation had fallen to less than 100,000, advertising had slowed to a trickle and Hearst, after six months of searching for a buyer, decided the paper was not marketable. Its competitor, the *Baltimore Sun*, was sold to Times Mirror Co. the day after the newpaper closed.

The *Los Angeles Herald-Examiner* posted its second consecutive half of circulation increases, which, though minor, reverse a long-term slide. Morning circulation of the paper was up 3.3% to 245,291 for the six-month period ended March 31, 1986, according to ABC. The company in 1986 continued to focus on the competitive Los Angeles situation, where the Hearst paper lags far behind Times Mirror's *Los Angeles Times* both in circulation and in advertising share of market.

In San Francisco, where Hearst is guaranteed a profit by a joint operating agreement with the Chronicle Publishing Co., the evening daily Examiner and the Sunday *Examiner & Chronicle* benefited from the arrival of the colorful and driven William Randolph Hearst III, grandson of the paper's founder. An award-winning advertising campaign coupled with the addition of nationally known columnists such as Hunter Thompson and Warren Hinckel garnered significant national media exposure for the Hearst paper.

In early 1986, Hearst hired Lee J. Guittar, a veteran newspaper publisher with competitive market experience who had been president of Gannett Co.'s *USA Today*, as an exec vp with responsibility for the western region.

The Albany, N.Y., *Knickerbocker-News* and *Times-Union* in 1985 again were among the most significant bottom line contributors in the Hearst empire.

In 1986, Hearst celebrates its centennial anniversary.

MEDIA PROPERTIES

Broadcasting

TV: KMBC-TV, Kansas City, Mo.; WBAL-TV, Baltimore; WCVB-TV, Boston; WDTN, Dayton, O.; WISN-TV, Milwaukee; WTAE-TV, Pittsburgh.
RADIO: WAPA, San Juan, P.R.; WBAL, WIYY (fm), Baltimore; WTAE, WHTX (fm), Pittsburgh; WISN, WLTQ (fm), Milwaukee.

Cable/video

CHANNELS: Arts & Entertainment Network, Lifetime Network.
SYSTEMS: CALIFORNIA: Hearst Cablevision of California--Los Gatos, Milpitas, Newark, Santa Clara, Saratoga.

Magazines

American Druggist, Colonial Homes, Connoisseur, Cosmopolitan, Country Living, Diversions, Electronic Products Magazine, Good Housekeeping, Harper's Bazaar, House Beautiful, Lens, Lens' on Campus, Motor Boating & Sailing, Motor Magazine, Popular Mechanics, Redbook, Science Digest, Sports Afield, Today's Office, Town & Country.

Newspapers (dailies)

CALIFORNIA: *Los Angeles Herald Examiner, San Francisco Examiner.* FLORIDA: *Clearwater Sun.* ILLINOIS: *Edwardsville Intelligencer.* MARYLAND: *Baltimore News American. MICHIGAN: Huron Daily Tribune, Midland Daily News.* NEW YORK: *Albany Knickerbocker News, Albany Times-Union.* TEXAS: *Beaumont Enterprise, Laredo Times, Midland Reporter-Telegram, Plainview Daily Herald, San Antonio Light.* WASHINGTON: *Seattle Post-Intelligencer.*

Newspapers (nondailies)

MICHIGAN: *Marlette Leader, Vassar Pioneer Times.* TEXAS: *Jasper News Boy.*

Other media operations

Hearst Books/Business Publishing: Arbor House, Avon, Hearst Books, Hearst Marine

Guides, Greenwillow, Morrow Junior Books, Motor Books, Lothrop, Lee & Shepard; Quill. American Druggist Blue Book, Electronic Engineers Master Catalog, Floor Covering Weekly, Industrial Machinery News, Integrated Circuits Master Catalog, Motor Crash Estimating Guide, NARP, Office World News, Office World Newswatch. Magazine Distribution: Eastern News Distributors, Communications Data Services, International Circulation Distributors, Periodical Publishers Service Bureau.

OTHER OPERATIONS

Cal Graphics, Down East Timberlands, Hearst Advertising Service, Hearst Feature Service, Hearst Metrotone News, King Features Entertainment, King Features Syndicate, Reader Mail Inc.

RANK

Heritage Communications 99

Des Moines

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	96	84	13.6
Total sales	157	129	22.2
Net income	8	7	25.8

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	2	—	—
Cable	66	56	17.6
Other	28	28	(0.7)

Des Moines-based Heritage Communications, which began as a small cable operator in 1971 and has expanded into broadcast and communications products through acquisition, is poised for continued growth following its purchase in mid-June, 1986, of 43.5% of Rollins Communications, Atlanta.

Rollins owns cable systems, tv stations and an outdoor advertising company. Heritage reported it would buy 6.35 million shares, paying $41 a share for 2.2 million shares, and then pay the remaining shareholders, representing 4.15 million shares, in Heritage notes equivalent to $41 a share with an average life of six years. It would ultimately cost about $600 million to acquire all of Rollins's 14.6 million shares. Both companies have said the 43.5% buy-in is a prelude to a full merger.

Heritage currently operates 140 cable tv systems in more than 300 communities in 18 states that serve about 720,000 basic cable subscribers. Rollins has 206,000 cable subscribers in 43 cities.

Publicly held Heritage, whose media revenues represented 60.9% of total corporate revenues, was the nation's 99th largest media company. Heritage extends its acquisition strategy to broadcast media other than cable and to companies outside the Midwest because of the weak Midwest economy. However, like most cable companies, it continues to seek properties in areas adjacent to its existing ones.

Last year Heritage, in a limited partnership agreement, acquired a cable tv system in Dallas from Warner Amex Cable Communications for $110 million. It later sunk an additional $35 million in that company, which has 90,000 subscribers.

In late December, 1985, Heritage acquired 51% of Gill Industries, a cable operator in San Jose, Cal., paying $43 million for the system, which Gill will continue to manage.

Other 1985 acquisitions include a cable system in Germantown, Tenn., for $8.1 million; 20% of Diversified Communications, Portland, Me., for $11.5 million, a share increased to 30% in March, 1986. Heritage also acquired eight smaller cable systems in regions where it already owned businesses.

In addition to the cable system acquisitions made last year, Heritage bought two NBC affiliates in South Dakota in August. It paid $15.6 million for the stations that serve Rapid City and Mitchell and Sioux Falls. Diversified Communications in Portland also owns broadcast properties.

In the past few years, Heritage entered the specialty advertising and educational products business, a category in which it now operates eight ucts include calendars, specialty advertising products, meeting room equipment and trade show exhibits.

To offset competition for cable viewership from videocassette recorder viewing, Heritage is exploring "addressable technology," which will allow the company to expand its pay per view broadcasting services. The company considers pay per view to be a major revenue opportunity.

MEDIA PROPERTIES

Broadcasting

TV: KEVN-TV, Rapid City, S.D.; KIVV-TV, Lead-Deadwood, S.D.; KDLT, Mitchell-Sioux Falls, S.D.

Cable/video

SYSTEMS: Heritage Cablevision. ALABAMA: Red Bay. CALIFORNIA: Athens, Compton, Florence/Firestone, Hawaiian Gardens, South El Monte, Willowbrook. COLORADO: Avon, Beaver Creek, Berry Creek, Buena Vista, Dillon, Edwards, Fowler, Frisco, Granby, Grand Lake, Hot Sulphur Springs, Keystone, Kremmling, La-Junta, Lamar, Minturn, Rocky Ford, Silver Creek, Silverthorne, Walsenburg, Winter Park, Vail. ILLINOIS: Albany, Erie, Fulton, Lyndon, Morrison, Prophetstown, Savanna, Thomson. INDIANA: Bedford, Bristol, Elkhart City (including 2 SMATV systems), Goshen, Jefferson Township, Middlebury, Mishawaka, Osceola, Oolitic, Plymouth, Rochester, Roseland, South Bend, Wakarusa. IOWA: Ackley, Adel, Albia, Alta, Altoona, Ames, Ankeny, Aplington, Avoca, Bedford, Belle Plaine, Belmond, Bondurant, Boone, Britt, Camanche, Carlisle, Chariton, Clarinda, Clarion, Clear Lake, Clive, Colfax, Columbus City, Columbus Junction, Coralville, Corning, Creston, Dallas Center, Denison, Denver, Des Moines, DeSoto, Dexter, DeWitt, Durant, Dysart, Earlham, Eldora, Essex, Forest City, Fort Dodge, Fredonia, Fruitland, Garner, Glenwood, Grand Mound, Granger, Greenfield, Grimes, Grinnell, Grundy Center, Guthrie Center, Hampton, Harlan, Hawarden, Huxley, Indianola, Iowa City, Janesville, Jefferson, Johnston, Knoxville, Lambs Grove, Lake City, Lakewood, LeClaire, LeGrand, Le Mars, Leon, Low Moor, Madrid, Manson, Marengo, Marshalltown, Mason City, Mitchellville, Morning Sun, Mount Ayr, New London, Newton, Nevada, Norwalk, Northwood, Osage, Osceola, Parkersburg, Pella, Perry, Pleasant Hill, Polk City, Prairie City, Princeton, Redfield, Red Oak, Remsen, Rockwell City, Sabula, Sac City, Saylorville, Sheldahl, Shell Rock, Shenandoah, Slater, Storm Lake, Story City, Stuart, Tama, Toledo, Traer, University City, Urbandale, Van Meter, Ventura, Villisca, Wapello, Waukee, Waverly, Webster City, West Des Moines, West Point, Wilton, Winterset, Woodward. MICHIGAN: Edwardsburg, Ontwa Township, Porter Township. MINNESOTA: Benson, Dover Township, Green Lake Township, Kerkhoven, New London, New London Township, Spicer, Willmar. MISSISSIPPI: Aberdeen, Amory, Ashland, Baldwyn, Booneville, Brooksville, Charleston, Columbia, Ecru, Guntown, Hatley, Holly Springs, Iuka, Macon, Myrtle, Nettleton, New Albany, Oxford, Saltillo, Shannon, Shelby, Shuqualak, Smithville, Snow Lake, Sumner, Tutwiler, Webb. MISSOURI: Fairfax, Rock Port, Tarkio. NEBRASKA: West Point. OHIO: Archbold, Bryan, Celina, Center, Coldwater, Edgerton, Jefferson, Montezuma, Montpelier, Paulding, Pulaski, St. Henry, Stryker, Van Wert, West Unity. TENNESSEE: Bartlett, Collierville, Germantown, Shelby County. TEXAS: Alamo, Alice, Alton, Brownsville, Combes, Dallas, Donna, Edcouch, Edinburg, Elsa, Falfurrias, Farmers Branch, Harlingen, Hidalgo, Indian Lake, La Feria, Laguna Heights, Laguna Vista, La Joya, La Villa, Los Fresnos, Mesquite, Premont, Primera, Rancho Viejo, Raymondville, Rio Grande City, Rio Hondo, San Diego, San Juan, San Benito, Santa Rosa, South Padre Island, Weslaco. WISCONSIN: Baraboo, Lake Delton, Reedsburg, West Baraboo, Wisconsin Dells.

OTHER OPERATIONS

Gill Industries (50% ownership), Heritage Communications International Finance N.V., Heritage Communications Products Corp.

Fm units pace radio spenders

Viacom's WLTW (fm), N.Y., led all radio stations in self-promotion spending in 1985 with $1.7 million, according to LNA, a national ad monitoring service. Other leaders: Tribune Co.'s WPIX-FM, N.Y., $1.5 million; RCA's WYNY (fm), N.Y., $1.4 million; Morgan Stanley's (formerly Metromedia) WHEW-FM, Ft. Myers, Fla., $1.3 million; Bonneville's WCLR (fm), Skokie, Ill., $1.2 million; Westinghouse's WBZ (am), Boston, $1.1 million; Cap Cities/ABC's WKHX (fm), Marietta, Ga., $1 million.

Houston Chronicle Publishing

RANK 58

Houston

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	206	217	(5.0)
Total sales	206	217	(5.0)
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	206	217	(5.0)
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

A troubled Houston economy in 1985 translated into declines in both weekday and Sunday circulation and a slump in linage at the *Houston Chronicle*, the city's largest daily newspaper, owned by Houston Chronicle Publishing Co.

Media revenues for the publishing company, owned by Houston Endowment Inc., are estimated to have dropped about 5% to $206.2 million, making Houston Chronicle Publishing Co. the 58th largest media company in 1985.

Sagging circulation was a major contributing factor to the decline. The *Chronicle's* Monday through Friday circulation dropped to 425,434, according to six-month ABC reports ended March 31, 1986, or 1.8% below audited reports for the same period in 1985. Saturday circulation for the same period showed a 3.4% increase to 425,560. Sunday figures fell 1.6% to 528,153.

Despite the decreases, the *Chronicle* remains the strong market leader over the *Houston Post*. The *Post's* daily circulation (Monday through Saturday) for the same reporting period rose 2% to 316,209. Sunday circulation was up 1.9% to 373,573.

Ad linage is down at both newspapers, according to Media Records. The *Chronicle* showed a 6% drop in total ad linage in 1985 over 1984—a situation offset somewhat by a 7% ad rate increase effective Jan. 1, 1985. The *Chronicle* raised the ad rate an additional 12% Jan. 1, 1986. ABC audited statements show the *Chronicle* circulation reaching 57.4% of the daily and 58.5% of the Sunday market universe receiving the two competitors.

According to Bob Thomas, the *Chronicle's* marketing director, reasons for circulation declines center on the economy and departure of white-collar workers from Houston who are typically *Chronicle* readers.

Effects of a down economy have been felt most in real estate and employment advertising. Nevertheless, the *Chronicle* ranks second nationally in classified full-run linage, according to Media Records.

The *Chronicle* in 1985 had 2,260,712 ins. in classifieds, down 19.5% from 1984. General advertising was 8% ahead of the year before with 536,738 ins. Retail advertising showed a 5% increase in 1985 with 2,929,376 ins.

Mr. Thomas noted the paper continues to be positioned as "Houston's leading information source." The paper typically had relied on image advertising but in 1986 has turned toward a value-added approach to build circulation.

In a 1986 spring direct response premium campaign, the paper picked up 12,000 new 16-week-plus subscribers in the first six weeks, Mr. Thomas says. The paper used two-minute and one-minute tv spots, via ad agency Rives Smith Baldwin Carlberg/Y&R, to promote the campaign.

"Response to the premium campaign ran 30% ahead of what we had projected," Mr. Thomas says. "We had always done image advertising because business in Houston was booming. That's stopped now and you have to market your product differently. Now people have to make a choice and you have to ask people to buy your product."

In October, 1985, the *Chronicle* acquired Promotional Printing Corp. from Alejandro Junco. The company produces high-grade advertising newspaper inserts and direct mail advertising using the heatset offset process.

"Promotional Printing adds an extra dimension and has opened up avenues of total marketing for the company," Mr. Thomas says. "The printing company extends our press capacity by offering an odd-size insert or a different paper. We can put the whole package together to save the client money."

MEDIA PROPERTIES

Newspaper (dailies)

Houston Chronicle.

Other media operations

Promotional Printing Corp.

Howard Publications

RANK 63

Oceanside, Cal.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	178	166	7.0
Total sales	178	166	7.0
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	147	139	5.8
Magazine	—	—	—
Broadcast	18	16	12.5
Cable	13	11	14.5
Outdoor	—	—	—

Howard Publications, Oceanside, Cal., which maintained a steady pace in a program of upgrading facilities during 1985, particularly in its Southern California cable market, showed estimated media revenue growth of 7% for the year.

The privately held Howard, ranked the 63rd largest media company in 1985, includes 19 daily newspapers, the CBS-TV affiliate in Buffalo, N.Y., and cable tv systems operating in California and Wyoming. Its recent entry into the oil and gas industry through Howard Energy Co. thus far is the company's only attempt to diversify its holdings. Not yet an income producer, the energy group's initial activities have been focused on exploration and drilling operations in the midwestern and southern U.S.

Most Howard media properties posted modest gains during 1985, a year that founder-owner Robert Howard describes as one of "little change and continued consolidation and improvement of existing facilities."

Much of this consolidation and upgrading took place in Southern California cable tv. This was a necessary followup to the company's rapid expansion in the area since acquiring some half-dozen franchises in 1983. San Gabriel and Pasadena now have new systems and transmission equipment, while some of the older systems were refurbished and brought up to industry standards.

Howard's Los Angeles-based cable operation is Falcon Communications, a company 80% owned by Howard and Donrey Media Group, Fort Smith, Ark. The company's California franchises in the Los Angeles metropolitan area are Pasadena, Montebello, Monterey Park, Temple City, San Gabriel, West Covina, Norco, Walnut, Riverside and some areas of Los Angeles, including unincorporated Altadena. The Howard-Donrey partnership also owns Overthrust Cable TV in Evanston, Wyo., but has no interest in Falcon Cablevision or Falcon Cable Systems Co., separate entities under other ownership operating in northern California.

As the Howard-Donrey operations in the urban markets of Southern California began winding down into the latter stages of consolidation, they began a new period of intensified marketing and promotion of customer service. On-air and direct mail promotions helped expand Falcon Communications' basic cable subscriber numbers to 120,000, up 9.1% from 1984. Ad revenues from the cable operations remained at modest levels, but the past year saw some slight growth in advertising in the Los Angeles market.

The company operates newspapers with circulations in the medium-size range. Leading these Howard properties is the evening daily *Hammond* (Ind.) *Times*, whose circulation was 66,327, according to six-month ABC averages ended March 31, 1986, or a decline of 3.1% compared with the corresponding year-earlier period. Its Sunday paper circulation, according to ABC, was 74,634 for the same period, down 2.3%.

Other major newspapers in the Howard chain also experienced small circulation losses during the same reporting period, including the morning *Sioux City* (Ia.) *Journal* with 52,487 daily, down 4.7%, and 46,813 Sunday, down 3.4%, and the evening *Waterloo* (Ia.) *Courier* with 48,675 daily, down 4.5%, and 52,135 Sunday, down 6.4%. The morning *Star-Tribune* in Casper, Wyo., had 36,845 daily, up 2.5%, and 39,811 Sunday, up 4.4%.

Once again the company's major circulation gainer was the *Oceanside* (Cal.) *Blade-Tribune*, with an evening circulation of 35,609, up 15.5%, and 36,776 Sunday, up 14.3%. Outlook is for steady population growth in the San Diego County market and continued growth for the *Blade-Tribune*.

Much of the circulation increase at Oceanside, Mr. Howard says, can be attributed to the introduction last fall of an edition tailored to the affluent Carlsbad community. The edition devotes four to eight daily news pages to Carlsbad, satisfying residents' needs for local news coverage. The only other source of news is the twice-weekly *Carlsbad Journal*, published by North Coast Publishers.

Howard's only property in the broadcast area to date is WIVB-TV, Buffalo, which has posted steadily growing revenues since its purchase by the company in 1977.

After years as a runnerup in the Buffalo market, 1985 saw the station move to the No. 1 position, a jump made possible in part by the continuing improved performance and ratings of the news department.

Founded in early 1985, the company's only nonmedia operation is Howard Energy Co., Traverse City, Mich., currently involved in exploration and development of gas and oil resources.

MEDIA PROPERTIES

Broadcasting

TV: WIVB-TV, Buffalo, N.Y.

Cable/video

SYSTEMS: CALIFORNIA: Alhambra, Huntington Park, Norco, Norwalk, Pasadena, Riverside, San Gabriel, Temple City, Walnut, West Covina and unincorporated parts of Los Angeles County. WYOMING: Evanston.

Newspapers (dailies)

CALIFORNIA: *Oceanside Blade-Tribune, San Clemente Sun-Post.* COLORADO: *Northwest Colorado Press* (Craig). IDAHO: *Twin Falls Times-News.* ILLINOIS: *Charleston Times-Courier, Freeport Journal-Standard, Mattoon Journal-Gazette, Pekin Daily Times.* INDIANA: *Hammond Times, Logansport Pharos-Tribune & Press.* IOWA: *Sioux City Journal* (owned jointly with Hagadone Newspapers), *Waterloo Courier.* KENTUCKY: *Maysville Ledger-Independent.* NEW YORK: *Auburn Citizen-Advertiser, Corning Leader, Glens Falls Post-Star.* PENNSYLVANIA: *Carlyle Sentinel.* SOUTH CAROLINA: *Orangeburg Times & Democrat.* WYOMING: *Casper Star-Tribune.*

OTHER OPERATIONS

Howard Energy Co., Traverse City, Mich.

Hubbard Broadcasting

RANK 79

St. Paul, Minn.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	125	115	8.7
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	125	115	8.7
Cable	—	—	—
Outdoor	—	—	—

Privately held Hubbard Broadcasting, a newcomer to the ADVERTISING AGE leading 100 media companies on the basis of its strong revenue contributions from traditional broadcast units, is opening revolutionary fields of broadcasting by satellite.

The St. Paul, Minn.-based company, whose revenues are up an estimated 8% from 1984, ranking it the 79th largest media company, is expanding a satellite news-gathering cooperative from 36 to 100 station members by July, 1987. It expects to grab more stations for its USTV program syndication as the number of stations with Ku-band downlink receivers grows from 382 to 700 by July, 1987, and is developing a DBS (direct broadcasting by satellite) system that would bypass stations in reaching homes with receiving dishes.

With the payout from satellite technology, which includes the manufacture by Hubbard of specially equipped vehicles for station members or subscribers, expected later than sooner, Hubbard's brash, yet tight-lipped chairman, president and ceo, Stanley Hubbard, predicts a 10% revenue increase in 1986, which he says is a "year of focus" for family-owned Hubbard.

Hubbard's last property unrelated to broadcasting—Farvue Outdoor Advertising—was sold in April, 1986, to Naegele Outdoor Advertising Co. of the Twin Cities. Hubbard's sole 1985 acquisition was KOBR in Roswell, N.M., from KCBD Associates. The $3 million purchase became official in November, and Mr. Hubbard says KOBR (formerly KSWS-TV) will complement Hubbard's other New Mexico tv stations in Albuquerque and Farmington.

The company's other tv markets include St. Paul, and St. Petersburg, Fla. Its radio markets include an am station in Cypress Gardens, Fla., and am-fm combinations in St. Paul and Albuquerque.

Hubbard's flagship media property is KSTP-TV, an ABC affiliate and No. 2 station in the Twin Cities, the nation's 16th-largest market. Other Twin Cities Hubbard properties include KSTP-FM (ranked No. 2 during winter Arbitron ratings) and its companion am station, KSTP, which ranked 10th.

Hubbard's ambitious venture into satellite broadcasting is paced by a near-nationwide cooperative of newsgathering stations called Conus Communications. Hubbard owns or leases transponders on two orbiting Ku-band satellites, which 36 stations nationwide use to share news stories and equipment. Mr. Hubbard says he has signed stations from all three networks in addition to several independents. Currently, the stations reach more than 34% of the nation's tv households.

Mr. Hubbard estimated that a year from now 100 tv stations will be affiliated with Conus, a so-called sng (satellite news-gathering) venture. Although the broadcast industry initially scoffed at Mr. Hubbard's sng plan, all three major networks are introducing their own sng programs. An example of regional use of Conus has been a number of Florida member stations that have linked up to the satellite to exchange programs on a regional basis.

Undaunted by odds Conus faces from future competition from network SNGs and other programing, Hubbard Broadcasting has started USTV, a Denver-based program syndication unit. There are 382 stations with installed Ku-band downlinks that can receive USTV feature programs. That potential market is expanding to 700 by July, according to Mr. Hubbard. All stations are potential Conus Communications and USTV customers.

Ad agency Colle & McVoy Advertising, Bloomington, Minn., has created business-to-business advertising and collateral for Conus since its inception in late 1984. C&M also has been named agency of record for USTV. The first program developed by USTV is a talk show called "USA Live," and Mr. Hubbard says several more programs will be introduced soon. Despite the scope of Conus and USTV, their startups have added only 30 employes to the Hubbard work force.

Hubbard's greatest plan, and by far the most expensive with a $1 billion price tag, is direct broadcast satellites to homes with receiving dishes. Mr. Hubbard says several investment bankers have expressed interest in making financial arrangements for the $300 million Mr. Hubbard estimates it will take to launch DBS. Sticking to the private financial policy of privately held Hubbard, Hubbard would not estimate possible revenues gleaned from his plans for satellite broadcasting.

MEDIA PROPERTIES

Broadcasting

TV: WTOG, St. Petersburg, Fla.; KSTP-TV, St. Paul, Minn.; KOB-TV, Albuquerque, N.M.; KOBF, Farmington, N.M.; KOBR, Roswell, N.M.

RADIO: WGTO, Cypress Gardens, Fla; KSTP (am, fm), St. Paul, Minn; KOB (am, fm), Albuquerque, N.M.

Other media properties

Conus Communications (St. Paul, Minn.); USTV (Denver, Colo.).

RANK **50**

Ingersoll Publications

Lakeville, Conn.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	235	207	13.5
Total sales	235	207	13.5
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	235	207	13.5
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Ingersoll Publications continued its rapid expansion in the newspaper field, picking up two dailies in New Haven, Conn., its largest newspapers to date, two midsized dailies in Ohio and Pennsylvania, and 16 weekly newspapers from two newspaper groups covering New Jersey.

The newspaper company, whose search for a flagship newspaper has been an elusive one, may now be satisfied with its acquisition in late May, 1986, of the New Haven evening *Register* with a circulation of 90,393, its companion morning *Journal-Courier* (circulation 37,733) and the Sunday *Register* with 140,776 circulation. Figures are ABC averages for the six-month period ended March 31, 1986.

Ranked the 50th largest media company in revenues, the Lakeville, Conn.-based company should reach revenues of more than $300 million by the end of 1986 based on performance of its current newspaper properties and future acquisitions, according to Ralph Ingersoll II, president. That would give the company revenue growth of 27% compared with 13.5% in 1985 over the previous year.

All of privately owned Ingersoll's media revenues in 1985 came from its 117 daily and weekly newspapers throughout the Northeast, Midwest and California, which "may make us the last national media operation that does only newspapers," according to Mr. Ingersoll, who says he has no interest in broadcast or cable. There are plenty of growth opportunities left in the newspaper industry because it's a "very large theater" where no single player owns more than 5% to 6% of the national market, he says.

This April the company bought two groups of New Jersey weeklies—the Wayne-based Today Newspapers Inc., a chain of 12 weeklies, and the Fairlawn-East Paterson Shopper Inc., a group of four weeklies. In January, it purchased two papers, the *Daily Local News* in West Chester, Pa., and *Tribune Chronicle* in Warren, O. The West Chester paper had 38,896 circulation, according to the six-month ABC reporting period ended March 31, 1986, up from 38,481 from the corresponding period a year earlier. The Warren paper had circulation of 41,946, up from 41,003 in the year-earlier period.

Mr. Ingersoll's scouring of the market for a major property—evidenced by the company's participation in the bidding for the *Los Angeles Daily News*, the *St. Louis Globe-Democrat* and the Des Moines Register & Tribune Co., all unsuccessful—apparently finally has paid off.

The purchase of the New Haven papers from the family of Lionel S. Jackson Sr., chairman of the newspapers, cost Ingersoll $170 million, just short of the $176 million Jack Kent Cooke put down to beat out Ingersoll in bidding for the *Los Angeles Daily News*. Ingersoll expects continued growth at the papers because of New Haven's ongoing transformation from heavy industry to biomedicine and high-tech research.

Mr. Ingersoll expects to concentrate on either buying dominant regional dailies or assembling groups of community newspapers that complement the regional dailies. "We're trying to stay out of that middle position of submetro dailies," he says, which is a reversal of previous strategies. "Now that we've been on both sides of the table—submetro dailies and community newspapers—we've come to appreciate the virtues of community newspapers as a business."

The company was one of the first to recognize the potential in building large chains of low-cost operation community newspapers. In 1984 Ingersoll bought the Suburban Newspapers of Greater St. Louis, a powerful string of free weeklies ringing the metropolitan area. Since then it has added six more properties there—two paid dailies, two paid twice-weeklies, two free weeklies—to bring its current roster to 41 papers in the St. Louis area.

In northern New Jersey, the company is assembling a chain of free weeklies loosely modeled after the St. Louis group. Mr. Ingersoll says he sees plenty of room in the northern New Jersey market for the community weeklies as well as the dominant regional dailies such as Macromedia's *Bergen Record* and Advance Publication's *Newark Star-Ledger*.

He says both kinds of publications can prosper in the same area because homeowners and advertisers need both. "If I lived in Bergen County, I would subscribe to the *Bergen Record* and I'd also be pleased to get the weekly paper free," he says.

"In the *Ridgewood News*, for example, we cover different news events than the *Bergen Record*," he says. "We have a finer focus. And we're able to attract retail and real estate advertisers who can't afford to run in the *Record*."

But community newspaper groups must be large enough to take advantage of certain economies of scale. The papers generally share marketing, production and distribution functions while keeping separate editorial identities. In that way they can maintain their position as low-cost operators relative to the regional dailies. Ingersoll's 91 weeklies and 26 dailies, for example, share 39 plants.

The northern New Jersey chain, somewhat smaller than the St. Louis chain, forms an arc that spans an affluent section of New York's suburbs. To be completed by the end of 1986, the group is expected to generate about $30 million in revenues next year.

In St. Louis, the company's 41 newspapers generate more than $70 million annually, but the group has required sizable investment since Ingersoll bought it two years ago. Ingersoll has increased press capacity and added a data processing system to handle retail advertising sales. The company also plans to install a second data processing system for classified advertising and a third to tie the company's 30 news-editorial offices together into a sort of local wire service. The papers had one press between them when Ingersoll entered the market. Now Ingersoll has four and uses a fifth. There

The Eighth Sister. She's the perfect fit.

Better Homes
Savvy
Working Woman
Journal
Glamour
Essence
Self
Cosmopolitan
Woman's Day
Good Housekeeping

Fill in what you've been missing in your women's magazine puzzle.

The typical Essence woman is a big spender.

She indexes impressively high on many products. Higher than readers of many of the women's service magazines you usually buy. That makes her a powerful consumer and a smart media buy.

Put her in place by including Essence in your next women's magazine buy.

ESSENCE
ESSENCE WOMEN MEAN BUSINESS

were four composing facilities among the papers; now there are nine.

On the editorial side, the number of stories has increased, news reporting has stepped up and more training and technology has been brought to the newsroom.

Many local observers believe Mr. Ingersoll is preparing to turn his St. Louis suburban weeklies into twice-weeklies by adding weekend editions, but he refused to discuss such plans. However, he says he's keeping a close watch on the daily-newspaper situation in St. Louis. "I'm not ruling out the possibility that we might enter that market."

MEDIA PROPERTIES

Newspapers (dailies)

CALIFORNIA: Costa Mesa newspapers, Costa Mesa-*Orange Coast Daily Pilot*. JFP Publications, Glendale-*Glendale News Press, Burbank Daily Review*. CONNECTICUT: Milford Publishing, Milford-*Milford Citizen*. ILLINOIS: Suburban Newspapers of Greater St. Louis-*Alton Telegraph*. INDIANA: Terre Haute Newspapers, Terre Haute-*Tribune-Star*. MASSACHUSETTS: Berkshire Newspapers, North Adams-*North Adams Transcript*. Northeast Publishing, Fall River-*Fall River Herald News*. MICHIGAN: Royal Oak Newspapers, Royal Oak-*Royal Oak Tribune*. MISSOURI: Suburban Newspapers of Greater St. Louis-*News Democrat*. NEW HAMPSHIRE: Eagle Publications, Claremont-*Eagle-Times*. NEW JERSEY: Capital City Publishing, Trenton-*Trentonian*. Precision Publications, Toms River-*Toms River Ocean County Times-Observer*. NEW YORK: Mid-Hudson Publications, Kingston-*Daily Freeman*. Oneida Publications, Oneida-*Oneida Daily Dispatch*. Tonawanda Publishing Corp., North Tonawanda-*Tonawanda News*. OHIO: Massillon Newspapers, Massillon-*Evening Independent*. Phoenix Publications, Niles-*Daily Times*. Warren Newspapers, Warren-*Tribune Chronicle*. PENNSYLVANIA: Central States Publishing, Primos-*Delaware County Times*. Community Service Publishing, Coatesville-*Coatesville Record*. Peerless Publications, Pottstown-*Mercury*. Phoenixville Newspapers, Phoenixville-*Evening Phoenix*. Shenandoah Valley Publishing, Shenandoah-*Evening Herald*. West Chester Newspapers, West Chester-*Daily Local News*. RHODE ISLAND: New England Newspapers, Pawtucket-*Pawtucket-Central Falls Times*, Woonsocket-*Woonsocket Call & Reporter*.

Newspapers (nondailies)

CALIFORNIA: JFP Publications, Glendale-*Leader, Burbank Weekly Review, Glendale Weekly Review, North Hollywood Review, Huntington Beach Independent, Fountain Valley Independent*. CONNECTICUT: Milford Publishing, Milford-*Stratford Bard, West Haven News, Milford Reporter*. ILLINOIS: Suburban Newspapers of Greater St. Louis-*Alton Citizen Journal, Bethalto American Journal, Wood River Journal, Belleville Journal, Cahokia/Dupo Journal, Collinsville Herald, Collinsville Journal, Collinsville Herald Journal, County Journal, East St. Louis News Journal, Edwardsville Journal, Fairview/O'Fallon Journal, Granite City Press-Record, Granite City Journal, Granite City Press Record Journal, News Journal*. MICHIGAN: Royal Oaks Newspapers, Royal Oaks-*Tribune Plus*. MISSOURI: Suburban Newspapers of Greater St. Louis-*Central West End Journal, Clayon Citizen Journal, County Star Journal, Courier Journal, Fenton Journal, Jefferson County Journal, Meramec Journal, Neighborhood Journal, North County Journal, North Side Journal, Northwest County Journal, Press Journal, St. Charles Journal, South County Journal, South Side Journal, Tri-County Journal, T.V. Week-Jefferson County, Warrenton News-Journal, Weekend Journal, West Citzen Journal, West County Journal*. NEW HAMPSHIRE: Eagle Publications, Claremont-*Claremont/Springfield.* (Vt.) *Advisor*. NEW JERSEY: Capital City Publishing, Trenton-*Midweek, Weekend*. Fair Lawn Shopper Co., Fair Lawn-*News Beacon, Shopper, Week Ahead*. Manahawkin Newspapers, Manahawkin-*Beach Haven Times, Beacon, Summer Times*. M/C Newspapers, Paramus-*Town News*. Precision Publications, Tom River-*Jackson News, Point Pleasant Leader*. Riverdale Publishing, Butler-*Suburban Trends*. RNI Publications, Ridgewood-*Ridgewood News, Local Review, Sunday News, Sunday Post*. Suburban News, Franklin Lakes-*Suburban News*. Today Newspapers, Wayne-*Dateline Journal, Lakeland Today, Passaic Valley Today, Suburban Life, Wayne Today, West Milford-Ringwood Argus Today*. NEW YORK: Tonawanda Publishing Corp., North Tonawanda-*Kenmore Record-Advertiser, Tonawanda News Extra*. OHIO: Phoenix Publications, Niles-*Girard News, Hubbard News, Liberty News, Austintown Leader, Poland Clarion, Howland Bandwagon, Courtland Home News, Western Reserve Democrat, Brookfield Masury News*. PENNSYLVANIA: Acme Newspapers, Ardmore-*Main Line Times, News of Delaware County, Neighbors News, Germantown Courier, West Philadelphia Scene, TMC News*. Community Service Publishing, Coatesville-*Tri-County Shopper News, Chester County Courier*. Wayne Publications, Wayne-*Suburban and Wayne Times, Suburban Advertisers, King of Prussia Courier*.

International Data Group

RANK **61**

Framingham, Mass.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	185	138	34.1
Total sales	200	160	25.0
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	185	138	34.1
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

International Data Group in the past 18 months has produced three new U.S. publications—*Amiga World, Network World* and *Publish*—started a dozen new computer publications overseas and announced a new tabloid for users of Digital Equipment Corp. computers.

Framingham, Mass.-based IDG, the 61st largest media company, also plans more publications after the new DEC paper's debut. The new DEC publication is squarely in the IDG tradition of specialized papers and magazines, those that treat the nuts and bolts, the lore, the techniques, and hopes for just one brand or one maker of computers.

CW Communications Inc., Framingham, the publishing division of privately held IDG, will publish the new paper, an every-other-weekly tabloid. According to CWCI, there has been a great demand for a DEC specialized organ.

Also specialized is another new IDG publication, *Amiga World*, aimed at users of Commodore Business Machines' new personal computer, the Amiga. This every-other-monthly magazine, launched in August, 1985, is published by a division of CW Communications, CW Communications Peterborough, based in Peterborough, N.H. Circulation is 60,000.

A third new launch, *Network World*, issued first in March, 1986, is a news and feature weekly designed to serve communications users in the medium to large-scale range. It replaces the former *On Communications* monthly, which covered voice and data communications. Publisher is CW Communications, and controlled circulation is now 60,610.

A July, 1986, introduction is scheduled for *Publish*. PC World Communications, the CW Communications division in San Francisco, will publish *Publish*, a publication explaining how to combine text and graphics. *Publish* will be entirely written, edited and produced on personal computer-based systems.

Meanwhile, beyond the Atlantic and Pacific horizons, CW Communications has been assessing needs and hearing from the computer-minded in other countries. The result is a dozen new publications, introduced during 1985 and 1986.

While data processing market activity has urged startups of new publications, the general level of the economy apparently has held down circulation growth of existing computer publications.

Total circulation at mid-1986 is 1,308,183 for the 10 major CW Communications publications: *Computerworld, Micro Marketworld, Network World, Infoworld, PC World, MacWorld, 80 Micro, inCider, Run* and *Amiga World*.

Computerworld, the biggest of the CW publications, has held steady, at 124,347 in mid-1986 compared with 125,000 in mid-1984. *Computerworld*, the newsweekly of computers, in 1985 carried more than twice the advertising pages of its closest rival, *Datamation*—5,340 pages versus 2,511. Companion *Computerworld* publications are *Computerworld Focus*, publishing 10 "tabazine"-format issues a year on special topics for *Computerworld's* readership, and the *Computerworld National Computer Conference Daily*, circulating 20,000 issues at that annual meeting.

Micro Marketworld, an every-other-weekly for computer equipment dealers, has been holding steady at 45,109. *Infoworld*, a weekly reporting on developments in microcomputing community, is off less than 3%, to 153,778. *Infoworld* is published by another CW Communications division, Popular Computing Inc., Menlo Park, Cal. *PC World*, the IBM PC magazine, has gained about 5%, rising to 290,548. MacWorld, started in February, 1984, by PC World Communications, is the specialized monthly magazine for the world of Apple MacIntosh computer users. Circulation continues at about 169,000.

80 Micro, incorporating the magazine *Hot CoCo*, is a CWCI Peterborough, N.H., monthly for users of the Tandy Model 1000 and Model 4 and the Color Computer. Circulation is up about 2% to 84,000. The Peterborough division monthly magazine for Apple II users, *inCider* is steady at about 84,000. *Run*, also issued from Peterborough, is a monthly about home use of Commodore computer equipment, and its circulation has slumped more than 11% to 198,000 from 1984. It has 70,000 controlled circulation.

Peterborough, under the fertile entrepreneurship of Wayne Green, has produced numerous leading computer publications since Mr. Green created the first popular computer book, *Byte*, in 1976. In 1983, Wayne Green Enterprises became a division of International Data Group. In addition to its media enterprises, IDG also has a Conference Management Group that conducts professional meetings, and a Computerworld Video-Broadcast activity for producing special-purpose tv materials.

In two major personnel changes, the company promoted W. Walter Boyd to president-chief operating officer of International Data Group from president of CW Communications Inc. The company also promoted Lee Vidmer to president-chief operating officer of CWCI from exec vp.

U.S.MEDIA PROPERTIES

Magazines

CW Communications-*Computerworld, Micro Marketworld, Special Focus Publications, Network World*; Popular Computing-*Infoworld*; PC World Communications-*MacWorld, PC World, Publish-The Magazine of Desktop Publishing*; CWCI Peterborough—*Amiga World, inCider, Run, 80 Micro*.

Other media operations

Conference Management Group Computerworld Video Broadcast.

International Thomson Holdings

RANK **23**

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	560	550	1.8
Total sales	2,292	2,256	1.6
Net income	144	127	13.4

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	560	550	1.8
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

International Thomson Holdings, the U.S. outpost of Lord Thomson of Fleet's international business and publishing empire, quadrupled its spending on acquisitions in 1985 over the previous year, expanding its media in the areas of automated information systems, computer databases and highly specialized publications.

Thomson, the 23rd largest U.S. media company, spent $143 million compared with $45.1 million in 1984, but it gained only 2% in media revenues to $560 million. (£1=$1.30).

The company bought Gale Research Co., Detroit, the publisher of the Encyclopedia of Associations and other library references; AutEx Systems, Wellesley, Mass. (purchased from Xerox), producer of electronic information systems for a variety of fields, including banks, investment firms, industry, collectors and government; UTLAS, Toronto, a source of automated systems for bibliographic and information systems servicing libraries, and *Practical Accountant* and *Computers in Accounting*, both leading journals published by the Institute for Continuing Professional Development, New York.

So far in 1986, Thomson has purchased another source of accounting journals, Practitioners Publishing, Fort Worth, Tex., and in May, Thomson made a tender offer to buy Cordura Corp., Los Angeles, for $203 million.

Cordura produces specialty publications for business and industry and database publications, both manual and electronic, for applications such as estimating auto body repairs for insurance companies. Cordura also offers services such as employe benefits management. The company has five subsidiaries in San Diego that supply database publications and computer services. R.E. Harrington Inc., a subsidiary in Westerville, O., provides business consulting services. In 1985 Cordura Corp. had net income of $9.3 million on sales of $53.4 million.

International Thomson Holdings, the main U.S. subsidiary of International Thomson Organisation Ltd., operates in three business areas: publishing and information, which grows out of Thomson's origins as a newspaper publisher; travel booking, and oil and gas exploration and development.

Contribution to profits by the publishing and information segment has grown steadily from 5.7% in 1981 to 32.4% in 1985. The travel segment percentage has fluctuated, averaging about 17.5%, during these five years, while oil and gas has slipped from 71.4% to 50.3% in 1985.

The parent reports that in 1986 the North American publishing and information operations will become its biggest profit center.

The large outlay for acquisitions in 1985 is about equal to the year's earnings, $144.3 million. Total sales of parent International Thomson Organisation for 1985 came to $2.3 billion, up 2% from the previous year. Total sales for the holding company's over-all publishing and information segments —both North America and the U.K.— were $927 million, 8% more than 1984.

Total U.S. sales rose 13% in 1985, to $650 million. The publishing information total for North America was about $600 million, with an estimated $560 million from the U.S., which is the basis of Thomson's ranking in this issue. There were some 1985 slowdowns in sales for the professional newspapers and textbooks.

The company has been divesting properties that don't fit its editorial focus. Recently sold are its printing interests, its consumer book publishing operations in both North America and the U.K., and a number of magazines —including the *Illustrated London News*.

Thomson organizes its publishing activities into five main groups:

- Professional publishing, including publications for lawyers, engineers, accountants, bankers, brokers, data processing managers and real estate managers.
- Education/reference books, including texts, reference and professional works.
- Library services, consisting of Gale's directories and services plus other reference books and microfiche.
- InFinet (International Financial Network), a new group for Thomson, which will exploit the capacities of the newly acquired AutEx Systems in supplying electronic information services to finance customers.
- Business magazines, perhaps the most broadly known part of International Thomson because of its familiar titles among its five magazine divisions, Medical, Industrial, Electronics, Communications and Transportation. Some of the best known are *Medical Economics, RN, Audio Times* and *Ward's Auto World*.

Thomson publication launches for 1985 include *Medical Lab Products*, from Medical Economic Co., Oradell, N.J., and several healthcare newsletters from American Health Consultants, Atlanta: "Medical Ethics Advisor," "AIDS Alert," "Diagnostic Testing Alert," "Sport and Medicine" and the "Office Lab Letter."

Joining other electronics and communications magazines out of CES Publishing Corp., New York, is *Electronic Merchandising*. And Ward's Communications Inc., Detroit, is reported to be planning two new titles in 1986, but would not discuss them.

Performance of Thomson's best-known magazines in 1985 reflected the current unsettled U.S. economy, including the specialty professional and business areas Thomson serves.

Circulation of *Medical Economics*, a nonclinical, practice-management fortnightly, was up just 2%, to 173,863 in 1985. Of the 1985 total, 154,677 is controlled circulation, 19,305 is paid. Ad space for its companion publication, *Medical Economics for Surgeons*, is sold in combination with *Medical Economics*. The sister publication circulation was up 5% in for 1985, to 44,262, all controlled.

Principal competition for *Medical Economics* comes from the *Journal of the AMA* and *American Medical News*, both published by the American Medical Assn. in Chicago. *JAMA* circulation for 1985 is up more than 3% to 332,866. *American Medical News* is up 6%, to 332,693.

In a 1984 statistical compilation made by Folio Publishing Corp. of the 19 largest U.S. medical publications, *Medical Economics* ranked seventh in circulation, second in total ad pages, first in ad revenue and second in total revenue, $20.8 million and $21.5 million, respectively.

RN also faces tough competition in a field with falling circulation, caused by changing hospital economics and a flux in the roles of nurses. *RN* circulation was down 16% in 1985, to about 280,000. The largest of the nursing journals, *Nursing 86* (the title carries the current calendar year), published by Springhouse Corp., Springhouse, Pa., dropped 10% to about 465,000.

Publishers in the nursing field are looking for benefits from increased advertising for nurses as a mid-1980s nurse shortage develops.

Ward's Auto World contends for readers and ad dollars in a field with several publications of relatively equal circulation, but varying focus. *Auto World's* specialty is giving in-depth coverage and interpretation to the workings of the auto industry. Its circulation, all paid, was 70,561, down slightly from 1984.

While International Thomson Organisation is a public company, 73.5% of its common shares are owned by the family of Lord Thomson of Fleet, who founded the company as a small Ontario newspaper business in the 1930s (see the Thomson Newspapers entry for other information). Private and institutional investors hold the other 26.5% of the stock, which is listed on the London and Toronto exchanges.

To conduct its business interests, the Thomson family operates, from Toronto, the Woodbridge Co. Ltd. This private holding company controls by itself, or through affiliates, both Thomson Newspapers (owns 61%) and International Thomson Organisation (owns 73.5%). International Thomson Organisation's main U.S. subsidiary is International Thomson Holdings Inc., New York.

The Thomson Holdings subsidiary, in turn, operates its media businesses through an affiliate, International Thomson Business Press Inc., Radnor, Pa.; two subsidiaries, Medical Economics Co., Oradell, N.J., and International Thomson Communications, Denver, Colo., and 18 subsidiaries, at the most recent count, across the U.S.

MEDIA PROPERTIES
Magazines

American Banker Inc. & Bond Buyer Inc.—*Directory of Municipal Bond Dealers.* CBS Publishing Corp.—*Audio Times, Audio Sound and Communications, Consumer Electronics Monthly, Computer Electronics Show Daily, Computer Merchandising, Home Satellite Marketing, Video Business.* Huebner Publications—*Designfax, Fastener Technology, Machine Tool Specs, Metlfax, Purchasing World, Tooling & Production, Wire Technology.* International Thomson Communications—*CableFile, CableVision, Communications Engineering Design.* International Thomson Transportation Information Service—*Brandon's Shipper & Forwarder, Pacific Shipper, Pacific Traffic.* Medical Economics Co.—*Clinical Laboratory Reference, Contemporary OB/GYN, Contemporary Pediatrics, Diagnosis, Drug Topics, Medical Economics, Medical Economics for Surgeons, Medical Laboratory Observer, Medical Lab Products, Nursing Opportunities, Physicians' Desk Reference (PDR), PDR for Nonperscription Drugs, PDR for Ophthalmology, RN.* Med Publishing—*Geriatric Medicine Today, Internal Medicine, Practical Cardiology.* National Railway Publications—*Railway Line Clearances, Official Intermodal Equipment Register, Official Intermodal Guide, Official Railway Equipment Register, Official Railway Guide, Freight Service Edition; Official Railway Guide, Travel Edition; Pocket List of Railroad Officials, Who's Who in Railroading and Transit.* Patient Care Communications—*Patient Care.* Ward's Communications—*Ward's Auto World, Ward's Automotive Yearbook.* Warren, Gorham & Lamont—*Banker's Magazine, Corporate Accounting, Estate Planning, Internal Auditing, Journal of Business Strategy, Journal of Taxation, Practical Accountant, Real Estate Financial Journal, Real Estate Review, Taxation for Accountants.*

Newsletters

American Health Consultants—AIDS Alert, Back Basics, Back Pain Monitor, Clinical Cardiology Alert, Clinical Laser Monthly, Contraceptive Technology Update, Convenience Care Update, Diagnostic Testing Alert, Drug Utilization Review, Employee Health & Fitness, Health & Well Being, Hospital Admitting Monthly, Hospital Employee Health, Hospital Home Health, Hospital Infection Control, Hospital Peer Review, Hospital Risk Management, Infectious Disease Alert, Internal Medicine Alert, Medical Ethics Advisor, Neurology Alert, OB/GYN Clinical Alert, Prospective Payment Survival, Same-Day Surgery, Sport & Medicine, Surgery Alert, Office Lab Letter. Med Publishing—Cardiovascular Literature News, Gastro-Intestinal Literature News, OB/GYN Literature News, Oncology Literature News, Pulmonary Diseases Literature News, Tuberculosis Literature News. Veterinary Medicine Publishing—Veterinary Economics, Veterinary Medicine/Small Animal Clinician, Veterinary Pharmaceuticals & Biologics. Ward's Communications—Ward's Automotive Reports, Ward's Engine Update. Warren, Gorham & Lamont—Accounting News, Real Estate Outlook.

Newspapers (nondailies)

NEW YORK: *American Banker, Bond Buyer, Credit Markets.*

Other media operations

Callaghan & Co. (legal publishing), Richard De Boo Publishers (law and taxation), Thomson & Thomson (trademark search), Delmark Publishers, Linguistics International, Van Nostrand Reinhold Co. (professional and reference books), Wadsworth Inc. (college textbooks).

RANK
53

Journal Co.

Milwaukee

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	216	197	9.5
Total sales	339	340	(0.4)
Net income	36	34	5.3

Sales by media	1985	1984	% chg
Newspaper	176	165	6.7
Magazine	—	—	—
Broadcast	40	26	52.7
Cable	—	—	—
Outdoor	—	—	—

Journal Co., Milwaukee, bowed out of cable tv in 1985, purchased a combination am/fm radio station in Wausau, Wis., and expanded its number of shoppers to 14 by adding three in North Carolina and Florida.

The largely newspaper operation, the 53rd largest media company whose media revenues represent 64% of total company revenues, draws most of its media from the *Milwaukee Journal* and *Sentinel.* Most of its nonmedia revenues come from Perry Printing Corp., a commercial printing operation.

In February, 1985, the Journal Co. sold Teltron Cable TV, serving some 26,000 subscribers in the central Wisconsin cities of Wausau, Stevens Point and Wisconsin Rapids, to Jones Intercable, Englewood, Colo. The company then turned to its Add Inc. shopper division and bought shoppers in Asheville, N.C., and Gainesville, Fla., and started one in Hendersonville, N.C., bringing the total to 14. Nine Add Inc. shoppers are located in central Wisconsin and two are in Montana. Total circulation for the 14 shoppers is 374,000; the nine in Wisconsin have a circulation of 174,000. The Journal Co. plans to continue to start or acquire more shoppers.

In October, 1985, the Journal Co.'s NBC-TV affiliate in Milwaukee purchased WSAU and WIFC (fm) Wausau, Wis. These were stations the company owned and sold in the 1950s. Other broadcast operations include tv stations in Las Vegas, Milwaukee and Lansing, Mich. The latter, the independent WSYM-TV, was acquired in January, 1985.

According to February Arbitron ratings data, KTNV-TV, Las Vegas, an ABC affiliate, is in the No. 3 position in the market with a 7 rating and 20 share of the market. In Milwaukee, the Journal Co.'s NBC affiliate, WTMJ-TV, holds the No. 1 position with an 8 rating and 26 share.

The daily newspapers, the morning *Sentinel* and the evening and Sunday *Journal*, make up the company's Newspapers Inc. division. The *Sentinel's* circulation, according to March 31, 1986, ABC figures, was 188,359, up 1.8% from the same time a year earlier. The evening and Sunday Journal circulations have slipped, however. For the same period, the evening *Journal* was 294,502, down 2.4%. Sunday circulation also was down 2.4% to 514,549.

To boost Journal advertising and circulation, two new special sections were added in March and April, 1986, as part of an over-all strategy to have a special section in the paper each day. "Xtra," which comes out on Tuesday, is a tabloid-size insert aimed at young adults ages 26 to 40. The company hopes to appeal to the 337,000 Milwaukee area residents who make up that age group. The company estimates the group makes up 40% of the Milwaukee work force.

The Journal Co. has sampled the paper in downtown business areas, college campuses and shopping malls and it distributed 170,000 copies of the pilot issue of "Xtra" to nonsubscribers.

"Neighbors," published on Thursdays, is targeted to an older working audience of homeowners with families.

In addition to the shoppers under the Add Inc. banner, the company owns five weekly newspapers in the Trumbull, Conn., area. Hometown Publications Inc. papers have a combined circulation of 35,800.

MJE Corp., Niles, Ill., operates two audiovisual companies that make educational films and videocassettes.

Midwestern Relay Co., Milwaukee, provides satellite interconnection and relay services in the Midwest.

Perry Printing Corp., Waterloo, Wis., specializes in large-run printing operations, including catalogs and Time Inc. publications. It contributed $111.5 million in net revenues in 1985, or 33% of the company total. Its operating earnings were $16.4 million, or 25% of the total.

MEDIA PROPERTIES
Broadcasting

TV: KTNV-TV, Las Vegas; WTMJ-TV, Milwaukee; WSYM, Lansing, Mich.
RADIO: WTMJ, WKTI (fm), Milwaukee; WSAU, WIFC (fm), Wausau, Wis.

Newspapers (dailies)

WISCONSIN: *Milwaukee Journal, Milwaukee Sentinel.*

Newspapers (nondailies)

CONNECTICUT: Hometown Publishing-*Easton Courier, Huntington Herald, Monroe Courier, Stratford Star, Trumbull Times.* FLORIDA: Shoppers in Gainesville. MONTANA: Shoppers in Great Falls, Missoula. NORTH CAROLINA: Shoppers in Asheville, Hendersonville. WISCONSIN: *Press Star*, shoppers in Berlin, New London, Neenah, Oshkosh, Seymour, Stevens Point, Waupaca, Wausau, Wisconsin Rapids.

OTHER OPERATIONS

MJE Corp.(Niles, Ill.); Midwestern Rely; Perry Printing Corp. (Waterloo, Baraboo, and Milwaukee, Wis., Norway, Mich., and Trumbull, Conn.).

RANK
100

Knapp Communications

Los Angeles

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	93	98	(4.7)
Total sales	100	111	(9.9)
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	93	98	(4.7)
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Knapp Communications, bucking a downward trend for advertising in the magazine industry, posted record sales for all publications, although its folding of *Geo* brought an over-all decline in media revenues for 1985.

Knapp, based in Los Angeles, basically draws its media revenues from three monthly U.S. magazines—*Architectural Digest, Bon Appetit* and *Home.* A new quarterly, *Best Selling Home Plans*, was introduced in 1985.

The 100th largest media company receives nonmedia contributions from Wilshire Marketing Corp., which creates and markets merchandise designed for readers of the company's magazines, and Knapp Press, a book publishing division that draws upon the magazines for subject matter.

Architectural Digest, the venerable 67-year-old former trade magazine purchased by Cleon T. (Bud) Knapp in 1964 and then transformed into a slick consumer monthly, had another year of record revenues. This elder statesman of the Knapp organization posted total net revenues of $43 million for 1985, an increase of 7.5% over a year earlier.

The publication had a decline of 1.8% in ad pages but ad revenue growth of 3.3% to $28.7 million gross. The magazine closed the year with an ABC-audited circulation of 600,758, including 95,659 in single-copy newsstand sales, about the same level as 1984.

Thomas P. Losee Jr., vp-publisher of *Architectural Digest*, calls 1985 "a significant" record year, achieved despite the relatively soft past 18 months for magazine advertising and "in the face of our toughest competition ever." A new companion magazine, to be called *Architectural Digest Travels*, is slated to appear this fall, poly-shrink-wrapped as a single unit with the October issue of *Architectural Digest.* Devoted exclusively to travel, with the same upscale production and editorial features of *Architectural Digest*, the first issue will have 64 pages and be distributed to subscribers and newsstands at no extra cost. A second issue is planned for spring, 1987.

The proposed travel magazine already has garnered substantial advertiser interest, Mr. Losee says, and will be offered with the same rate base and advertising rates as those of *Architectural Digest.* One-time b&w page rate is $18,090.

Revenues produced by *Bon Appetit* also set new records, hitting a net $35 million in 1985, up 14% from the previous year. Advertising sales contributed $26.3 million gross, up 9.3% ac-

There's no Japanese equivalent of the Wall Street Journal

That's why in Japan 62.9%* of bank executives and 65.5%** of international business managers satisfy their hunger for business news by reading the Asahi Shimbun.

Japan's leading business news newspaper
Asahi Shimbun
Tokyo, Japan

Asahi Shimbun New York Business Bureau c/o Powers International, Inc.
271 Madison Avenue, Suite 706, New York, N.Y. 10016 U.S.A.
Tel.: (212) 867-9582 Telex: 236514 JBP UR

Source: Information Development Institute, 1982

*Executives of 13 city banks in Tokyo area **Of companies listed on the Stock Exchange

cording to PIB, with circulation adding another $16 million net, based on the yearend ABC-audited figure of 1,300,834.

Based on the success of *Bon Appetit's* role as culinary consultant to "New York's Master Chefs," a tv series that aired on PBS in 1984-85 and involved a cookbook produced by Knapp Press, the magazine's editors are working to prepare additional tv programing.

Home magazine (formerly *Hudson Home Magazine*) has produced continuous gains in circulation and advertising revenues since acquired by Knapp in 1981 when its circulation stood at 380,000. By the end of 1985 that figure had risen to more than 700,000 and to an all-time high of 800,000 in March, 1986.

The latest circulation jump, according to publisher George Fields, came at the same time *Home* gave its basic subscription rate a substantial 25% boost, from $12 up to $15 per year. "This augurs well for the future health of the magazine, despite an increasingly competitive and crowded field of vertical shelter magazines," Mr. Fields says.

Home produced total net revenues of more than $16 million in 1985, and although it lost a few percentage points in total pages sold, total ad sales of more than $7 million gross represented a 31% increase in ad revenues over 1984. Commenting on the magazine's fewer pages, Mr. Fields says, "the vertical shelter category has had no significant growth during the 1981-85 period, a time in which the number of competing magazines has grown to over 20. They're all wonderful magazines, so what you have is more and better magazines competing for what is basically a finite market."

Part of the editorial package in each issue of *Home* is the "Home Plans" section, containing sketches and floor designs. Working blue prints for these houses, created by architects and builders throughout the country, are sold to potential homebuilders through the mail. Now, however, these plans, with some 150 additional home designs, are published every quarter under the title *Best Selling Home Plans*, a new title in the Knapp magazine stable.

In the past year, with the moving of *Home's* editorial offices from New York to Los Angeles, all of Knapp's editorial and production were brought together at a single West Coast location. The move produced obvious cost reductions and operational efficiencies. The ad departments of the three publications continue to be based in New York.

Executive appointments during 1985 found two new members on the Knapp board of directors: Paige Rense, senior vp, corporate editor-in-chief and editor of *Architectural Digest*, and Karl H. Loring, corporate tax consultant and assistant treasurer. Another new director added in early 1986 was John O'Toole, recently retired chairman of Foote, Cone & Belding Communications.

Geo, purchased from German publisher Gruner & Jahr in 1979, was discontinued with the February, 1985, issue after going through several transformations. Its circulation had grown to 250,000 at the time of the closure.

MEDIA PROPERTIES

Magazines

Architectural Digest, *AD* (Milan), *Bon Appetit*, *Home* (general partner), *Best Selling Home Plans*. Pending October launch: *Architectural Digest Travels*.

OTHER OPERATIONS

Knapp Press, Rosebud Books, Wilshire Marketing Corp.

'U.S. News' in two-prong attack

In going after new readers, the *U.S. News & World Report* last November cut its subscription cost to $29 from $41, and launched this year a $2 million-plus tv and print campaign targeting new readers. Dancer Fitzgerald Sample, New York, selected last fall to replace Foote Cone & Belding, New York, handles.

RANK **10**

Knight-Ridder Newspapers

Miami

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,679	1,619	3.7
Total sales	1,730	1,665	3.9
Net income	133	141	(5.8)

Sales by media	1985	1984	% chg
Newspaper	1,534	1,489	3.0
Magazine	—	—	—
Broadcast	65	63	4.0
Cable	—	—	—
Other	80	67	19.6

Knight-Ridder Newspapers turned in a lackluster 1985 performance, including a drop in earnings on a slight increase in revenues that was affected largely by a 46-day strike at its Philadelphia newspapers. The company, this nation's 10th largest media company, also bought three tv stations from Gannett Co. and shut down Viewtron.

The Miami-based company then in April, 1986, took a stab at turning years of losses around at another newspaper property, the *Detroit Free Press*, by entering into a joint operating agreement with the rival *Detroit News*, which fell into Gannett ownership in 1985.

A company spokesman calls KRN's relationship with Gannett a "brotherly" one, and it is perhaps this that helped along the Detroit agreement, which still must receive federal government approval.

All operations but the newsrooms will be merged, abating a war that's been one of the hottest in American journalism and ending a fight for survival for both papers.

In the past five years, operating losses at the *Free Press* before corporate overhead exceeded $35 million. The *News*, as part of privately owned Evening News Assn., lost nearly $20 million.

KRN also moved to shut down some unprofitable enterprises. It closed the afternoon *Charlotte* (N.C.) *News* and merged the morning and evening papers in St. Paul, Minn.

Over-all, KRN net income dropped 5.8% in 1985 to $132.7 million, a decline largely related to the Philadelphia labor problems which forced closure of the paper from Sept. 7 to Oct. 23, 1985—longest in the paper's history and estimated to have cost KRN $50 million.

Total revenues were $1.73 billion, up 3.9% from 1984. The only nonmedia activity at KRN is HPBooks, a paperback publisher, TelAir, a car phone service, and commercial job printing and common carrier fleet operations in the Carolinas.

The company reports operating revenue from newspaper advertising and circulation at $1.53 billion, up only about 3% over 1984. Broadcast revenue of $65.2 million was up 4% from 1984, and business information services, including Commodity News Services, a supplier of news and pricing data to the futures market, grew by 19.6%, to $80.1 million. The company has a cable joint venture and carries returns from that unit only on an equity basis.

Knight-Ridder's media, 97.1% of total revenues, ranks it the 10th largest media company.

Despite its poor showing on the newspaper side—KRN says total newspaper ad revenues would have climbed to 5.6% if the Philadelphia papers had not had troubles, but only climbed 2.9%—KRN was able to return slightly more to shareholders in 1985 than in the previous year. Earnings, which climbed from $2.15 to $2.19 per share, were boosted by KRN's purchase of 14.5% of its own stock from founder John S. Knight's estate.

KRN boasts 10 consecutive years of earnings per share growth.

KRN in March, 1986, closed its Viewtron operation in South Florida that had been afflicted with heavy start-up costs and poor customer acceptance since its inception in October, 1983.

Viewtron is a consumer videotex service that ties personal computer owners with financial information, home banking, catalog shopping and travel information.

Customers balked at the numerous payouts that required the purchase of a special terminal at first and $35 to $50 monthly fees for subscription and phone hookup.

Viewtron's subscriber base grew to only 3,100 by last summer when it went national from its South Florida base offering software packages to consumers.

The base grew to 20,000, still not enough apparently to justify the expense. KRN invested $50 million to $60 million in Viewtron. Other media companies have had even less success with videotex experiments.

Times Mirror closed its Gateway videotex service in March, 1986, and Centel shut its service down in June, 1985. Both suffered losses.

Among its newspapers, over-all Sunday circulation was off 1.1% to 48,000, and average daily circulation dropped 2%, due to the closing of the *Charlotte News* and the merging of the a.m. and p.m. in St. Paul to form the *Pioneer Press & Dispatch*, an all-day paper whose weekday circulation dropped 5.6% to 186,927.

The *San Jose Mercury-News* provided the largest dollar profit growth of any Knight-Ridder unit. KRN also added eight new Neighbors sections and a new Business Monday section to its papers.

Knight-Ridder owns 27 dailies and five nondailies, four of them located in California.

In broadcast, KRN added three tv stations to its stable this year, bringing the total to eight in as many states. KRN spent $160 million to acquire two NBC affiliates (KTVY in Oklahoma City and WALA-TV in Mobile, Ala.) and one CBS affiliate, (KOLD-TV in Tucson, Ariz.).

It sold its interest in Long Beach Cablevision Co., a joint venture with Times Mirror Co., and claims to penetrate 56% of the New York and New Jersey market where TKR Cable Co. operates.

TKR is a joint venture with Tele-Communications Inc., Denver.

In January, 1986, KRN's Wichita (Kan.) *Eagle-Beacon* launched Laboratory/Wichita, offering national advertisers signing a contract for a minimum of six full-page ads a rate that nets the same after agency commission as the local retail rate.

KRN believes it will sell enough national advertising to make up for the 33% to 34% rate differential. KRN says the experiment is being received very well.

There were also a number of major personnel changes.

Dan Gold, president and chief operating officer of Comcast Cable Communications, came aboard as president and ceo of Knight-Ridder Broadcasting. Tony Ridder, publisher of the *San Jose Mercury-News*, became the first president of the new newspaper division.

Bill Ott, senior vp-operations, moved to the position of publisher of the San Jose paper.

KRN's *Journal of Commerce*, a 22,000-circulation transportation and trade newspaper and part of its business information services, acquired Transax Data Corp., a filer, monitor and publisher of ocean shipping tariffs. The *Journal* also launched a West Coast edition, betting that the area would continue to grow in trade and commercial activity.

KRN says its Vu/Text, used by the *Washington Post* and the *Boston Globe*, is now the largest newspaper database in the world.

But newspapers remain Knight-Ridder's chief business, with circulation and advertising revenue amounting to 88% of KRN's total operating revenue. The *Philadelphia Inquirer* and *Daily News* contribute 19% of operating revenues to the company. The *Miami Herald* follows with 16%.

MEDIA PROPERTIES

Broadcasting

TV: WJRT-TV, Flint, Mich.; WKRN-TV, Nashville; WPRI-TV, Providence, R.I.; WTEN, Albany, N.Y.; WTKR-TV, Norfolk, Va; KOLD-TV, Tucson; KTVY, Oklahoma City; WALA-TV, Mobile, Ala.

Cable/video

SYSTEMS: TKR Cable Co. (jointly owned with Tele-Communications Inc.): NEW JERSEY: Aberdeen, Barnegat Light, Beach Haven, Bernards, Bound Brook, Bridgewater, Dunellen, Edison, Elizabeth, Green Brook, Hamilton, Harvey Cedars, Highland Park, Keansburg, Key Port, Long Beach, Manville, Matawan, Metuchen, Middlesex, Milltown, Montvale, New Brunswick, Old Bridge, Piscataway, Raritan, Sayerville, Ship Bottom, Somerville, South Amboy, South Bound Brook, Surf City, Union Beach, Warren, Watchung. NEW YORK: Rockland County.

Newspapers (dailies)

CALIFORNIA: *Long Beach Press Telegram, Pasadena Star-News, San Jose Mercury News-AM, San Jose Mercury News-PM.* COLORADO: *Boulder Daily Camera.* FLORIDA: Boca Raton News, Bradenton Herald, Miami Herald, Tallahassee Democrat. GEORGIA: Columbus Enquirer, Columbus Ledger, Macon Telegraph and News, Milledgeville Union-Recorder. INDIANA: *Fort Wayne News-Sentinel, Gary Post-Tribune.* KANSAS: *Wichita Eagle-Beacon.* KENTUCKY: *Lexington Herald-Leader.* MICHIGAN: *Detroit Free Press.* MINNESOTA: *Duluth News-Tribune & Herald, St. Paul Pioneer Press and Dispatch.* NORTH CAROLINA: *Charlotte Observer.* NORTH DAKOTA: *Grand Forks Herald.* OHIO: *Akron Beacon Journal.* PENNSYLVANIA: *Philadelphia Daily News, Philadelphia Inquirer, State College Centre Daily Times.* SOUTH DAKOTA: *Aberdeen News American.*

Newspapers (nondailies)

CALIFORNIA: *Arcadia Tribune, Duartean* (Duarte), *Monrovia News-Post, Temple City Times.* FLORIDA: *Florida Keys Keynoter.*

Other media operations

Commercial Terminals of Detroit, HP Books, Knight-Ridder Newspaper Sales, KNT News Services, Observer Transportation Co., Portage Newspaper Supply Co., Roconex Corp., Seattle Times (49.5% ownership), Southeast Paper Manufacturing Co. (33⅓% ownership), TelAir Network, Twin Cities Newspaper Services, *Walla Walla Union-Bulletin* (49.5% ownership), Viewdata Corporation of America.

OTHER OPERATIONS

Commodity Services Division: American Quotation Systems, Commodity News Service, Commodity Perspective, Commodity Research Bureau. Financial Services Division: Knight-Ridder Financial News, Knight-Ridder Software, MoneyCenter, Tradecenter, Unicom News. Journal of Commerce: *Journal of Commerce*, PIERS (Port Import/Export Reporting Service), RATES (Rapid Access Tariff Expediting Service), Transax Data Corp., VU/TEXT Information Services.

RANK **19**

Kohlberg Kravis Roberts & Co.

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	768	729	5.4
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	278	285	(2.5)
Cable	491	444	10.5
Outdoor	—	—	—

Kohlberg Kravis Roberts & Co., a New York-based private investment banking firm which owns media through its leveraged buyouts of Wometco Enterprises and Storer Communications, whittled down its media interests in late May, 1986, by selling seven tv stations to Lorimar-Telepictures Corp.

The sale for $1.85 billion in effect liquidates the tv side of Storer, which along with Storer's cable unit, was purchased by KKR for $2.5 billion in November, 1985.

Lorimar-Telepictures, Culver City, Cal., announced it would created a new company to house its growing tv side. The company, formed in February, 1986, in a merger between Lorimar Inc. and Telepictures Corp., already owned five tv stations in smaller markets. That 12-member tv unit is sure to rank among the leading 100 media companies next year.

KKR, ranked the 19th largest media company on the basis of its media properties in 1985, draws its media revenues from its two media buyouts, both of which have substantial tv and cable divisions.

Storer, bought mid-year by KKR, had yearend revenues of $592.4 million, up 10.4%. Operating income was $97 million, up 54%. Storer reported a net loss of $23 million in 1985 and $16.7 million in 1984. A full year of Storer is included in KKR totals even though its buyout was not concluded until November.

Lorimar-Telepictures acquired six of the seven-unit Storer broadcast segment, a segment which in 1985 had total revenues of $202.6 million. Tv properties sold were: KCST-TV, the San Diego NBC affiliate; and CBS affiliates, WAGA-TV, Atlanta, WJBK-TV, Detroit, WJKW-TV, Cleveland, and WITI-TV, Milwaukee; and independent, WSBK-TV, Boston. These units went for $1.45 billion.

Not sold was WTVG, Toledo. The FCC in 1985 granted KKR an 18-month waiver to weigh the possible sale of stations, WTVG, WJBK-TV in Detroit and WJKW-TV in Cleveland, whose signals overlap. There is nothing now pressing KKR to sell off the Toledo unit.

The seventh station came from the Wometco tv side-WTVJ-TV, Miami-for which Lorimar-Telepictures paid $405 million. This CBS affiliate is the dominant property in Wometco's broadcast unit, and was put up for sale in April, 1986, to comply with FCC regulations prohibiting ownership of a tv and cable operation in the same market. Kohlberg Kravis Robert's acquisition of Miami-based Storer gave the company it cable operations in the Miami area.

Wometco's other tv properties include WWHT, Newark, WSNL-TV, Smithtown, N.Y., and WLOS, Asheville, N.C., Greenville and Spartanburg, S.C. This four-unit division had revenues of an estimated $75 million in 1985, down from $100 million the prior year when a partial year of KTLA in Los Angeles was included. KTLA was sold in mid-1984 to Tribune Co. Industry sources expect KKR to dump WWHT in Newark, a small uhf station said to be unprofitable, according to media sources.

On the cable side, Storer is the major player with cable revenues of $389.8 million in 1985. Wometco had total cable revenues of an estimated $101 million.

Storer's subscriber base expanded 6.6% to nearly 1.6 million from 1.5 million in 1984. That includes 1.3 million subscribers which Storer describes as "premium subscribers" who get additional specialized programing beyond the company's typical offerings.

As of Dec. 31, 1985, Storer held franchises providing cable services to approximately 450 communities in 17 states. The sale of two systems—Minnesota for $23 million and Arizona for $23.5 million—are expected to occur the end of this month. Wometco's cable subscriber base rose 1.1% to 308,427.

Storer Cable operates systems in South Florida (142,600), West Florida (155,900), Georgia (60,500), Alabama (70,900), South Carolina (56,800), Kentucky (205,600), Capital area (106,200), New Jersey (177,300), Connecticut (101,200), Dallas/Fort Worth (70,300), Houston (92,400), Arkansas (64,200), Arizona (25,400), Northern California (49,400), Southern Cal. (96,200), Oregon (33,700) and Minnesota (24,500).

Storer continued this year with its plan to "cluster" its cable systems for marketing and operating efficiency. That plan began last year when Storer swapped cable systems with Times Mirror Cable. Storer traded its Phoenix, Paradise Valley, Mesa, Ariz., and Laguna, Cal. systems for Times Mirror's Louisville, North Little Rock/Jacksonville, Ark., and Point Pleasant Beach, N.J., systems. Those systems all are adjacent to existing Storer operations.

Storer also sold several stand-alone systems, including the Arizona and Minnesota sales and its Washington Country, Ore., system.

The company continued its emphasis on remarketing and retention programs in its service areas through four or five national marketing programs per year, a spokesman says. Those include direct mail, telemarketing and door-to-door sales programs aimed at increasing the system's penetration.

Storer also has been developing an in-house advertising sales program. Many of its stations have been selling ad space for four or five years, but Storer wants to make the practice more widespread among its systems, making ad sales play "a larger role in our revenue stream," the spokesman says.

KKR is among the leaders in leveraged buyouts, shepherding the $6 billion acquisition of Beatrice Cos. earlier this year. In 1985, KKR handled a total of $6 billion worth of leveraged buyouts, including the $2 billion acquisition of Storer Cable, Miami.

KKR got Wometco Enterprises in Miami in a $1 billion buyout in March, 1984. A leveraged buyout is when a group of investors buy a company from its stockholders by combining bank loans with high yield, high risk "junk" securities. The group usually includes an investment firm, like KKR. The high debt of a bought-out company usually is retired through cash from continuing operations or by selling off assets.

MEDIA PROPERTIES

Broadcasting

TV: WTVG, Toledo, O.; WJBK-TV, Detroit; WJKW-TV, Cleveland; WWHT Newark, N.J.; WSNL, Smithtown, N.Y.; WLOS, Asheville, N.C./Greenville-Spartanburg, S.C.

Cable/video

SYSTEMS: ALABAMA: Wometco Cable TV of Alabama-Daleville, Dothan. GEORGIA: Alert Cable TV-Fort Benning; Wometco Cable TV of Clayton County-Jonesboro, Fayette County, Fulton County (Hapeville), Cobb County (Marietta), Conyers-Rockdale (Conyers); Wometco Cable TV of Georgia-Douglasville, Kennesaw, Mableton, Snollville. LOUISIANA: Cable TV of Pointe Coupee-New Roads; Church Point Cable TV-Church Point; Jeff Davis Cable TV-Jennings, Lafourche Communications-Chackbay, Labadieville, Mandeville, Thibodaux; River Parish Cable TV-Vacherie; St. Landry Cable TV-Opelousas; Cable TV of Acodiana-Eunice; St. Tammany Cablevision-Slidell. MISSISSIPPI: Picayune Cablevision-Picayune. NORTH CAROLINA: Alert Cable TV of Goldsboro-Goldsboro; Alert Cable TV of North Carolina-Carrboro, Cary, Cherry Point, Elizabethtown, Fairmont, Farmville, Garner, Guilford County, Pembroke, Roeford, Red Springs, Reidsville/Stoneville, Selma, St. Pauls, Wake Forest/Wendell; Alert Cable TV of Wilson-Wilson. OKLAHOMA: Alert Cable TV of Oklahoma-Pryor. SOUTH CAROLINA: Alert Cable TV of South Carolina-Andrews, Georgetown, Lake City/Bishopville, Summerville, Johnsonville, Kingstree; Columbia Cable TV Co.-Columbia; Manning. GRAND BAHAMAS: Grand Bahama CATV-Freeport. Storer Cable Communications: ALABAMA: Baldwin County, Bay Minette, Brundidge, Chilton County, Clanton, Daphne, Elba, Elmore, Fairhope, Florala, Geneva, Hartford, Lockhart, Montgomery, Oak Grove, Prattville, Samson, Slocomb, Sylacauga, Troy. ARKANSAS: Bryant, Cammack Village, Jacksonville, Little Rock, North Little Rock, Pulaski County, Sherwood. CALIFORNIA: Anaheim, Calistoga, Cotati, Fairfield, Fillmore, Hermosa Beach, Kern County, Los Angeles County, Manhattan Beach, Napa, Ojai, Orange County, Placer County, Rohnert Park, St. Helena, Santa Paula, Sebastopol, Solano County, Sonoma County, Suisun, Thousand Oaks, Ventura County, Villa Park, Yountville. CONNECTICUT: Chester, Clinton, Deep River, Durham, Essex, Groton, Haddam, Hamden, Killingworth, Ledyard, New Haven, North Stonington, Old Saybrook, Stonington, U.S. Naval Facility-Groton, Voluntown, West Haven, West Brook. DELAWARE: Blades, Camden, Cheswold, Clayton, Delmar, Dover, Dover Air Force Base, Georgetown, unicorporated Kent & Sussex Counties, Laurel, Lewes, Milford, Rehoboth Beach, Smyrna, Seaford, Wyoming. FLORIDA: Altamonte Springs, Arcadia, Avon Park, Bartow, Blountstown, Biscayne Park, Bristol, unicorporated Broward County, Charlotte County, Chattahooche, Chipley, Dade County, DeFuniak Springs, DeSoto County, El Portal, Fort Meade, Frostproof, Graceville, unicorporated Hardee County, Highlands County, Hillcrest Heights, Hollywood (85% interest), Lake Mary, Lake Placid, Lee County, Lehigh Acres, Longboat Key, Maanatee County, Metropolitan Dade County, Miami Shores, Miramar, North Miami, North Miami Beach, North Port, Pembroke Park, Pembroke Pines, unicorporated Polk County, Punta Gorda, Sarasota County, Sebring, Seminole County, Seminole Tribe of Florida, Venice, Wauchula. GEORGIA: Adel, Albany, Americus, Ashburn, Bainbridge, Berrien County, Camilla, Colquitt, Cook County, Cordele, Dawson, Donalsonville, Ellaville, Lee County, Leesburg, Miegs, Moultrie, Nashville, Omega, Pelham, Poulan, Sparks, Sumter County, Sycamore, Sylvester, Tift County, Tifton, Vienna. KENTUCKY: Anchorage, Audubon Park, Bancroft, Barbourmeade, Beechwood Village, Bellemeade, Bellewood, Blue Ridge Manor, Boone County, Bowling Green, Briarwood, Broadfields, Broeck Point, Brownsboro Farm, Brownsboro Village, Campbell County, Cambridge, Cherokee, Cherrywood Village, Creekside, Crossgate, Devondale, Douglass Hills, Druid Hills, Fairmeade, Fincastle, Forest Hills, Glenview Hills, Glenview Manor, Goose Creek, Graymore, Green Springs, Hickory Hill, Hills and Dales, Hollow Creek, Hollyvilla, Hurstbourne Acres, Indian Hills, Jefferson County, Jeffersontown, Keeneland, Kenton County, Kingsley, Langdon Place, Lincolnshire, Louisville, Lyndon, Lynnview, Manor Creek, Maryhill Estates, Meadowbrook Farm, Meadow Vale, Meadowview Estates, Middletown, Minor Lane Heights, Mockingbird Valley, Moorland, Newport, Norbourne Estates, Northfield, Norwood, Oakland, Old Brownsboro Place, Parkway Village, Pewee Valley, Plantation, Plum Springs, Plymouth Vallage, Prospect, Richlawn, River Bluff, Riverwood, Robinswood, Rolling Hills, Rolling Fields, St. Matthews, St. Regis Park, Seneca Gardens, Shivley, Smiths Grove, Springlee, South Park View, Strathmoor Manor, Strathmoor Village, Sycamore, Ten Broeck, Thornhill, Warren County, Watterson Park, Wellington, West Point, Westwood, Whipps Millgate, Wildwood, Winding Falls, Windy Hills, Woodburn, Woodland Hills, Woodland Park, Worthington Hills. MARYLAND: Delmar, Fruitland, Hebron, Howard County (90% interest), Pocomoke City, Princess Anne, Salisbury, Show Hill. NEW JERSEY: Allenhurst, Atlantic Highlands, Bay Head, Belvidere, Beverly, Bordentown, Brick Township, Cinnaminson, Delanco, East Brunswick, Burlington, Califon, Clayton, Cranbury, Deal, Delran, Deptford, East Greenwich, East Windsor, Eatontown, Edgewater Park, Fair Haven, Franklin, Freehold, U.S. Government-Fort Monmouth, Glassboro, Glen Gardner, Greenwich, Hackettstown, Hampton, Hazlet, Helmetta, High Bridge, Highlands, Highstown, Holmdel, Independence, Jamesburg, Lambertville, Lebanon, Liberty, Little Silver, Loch Arbor, Long Branch, Mansfield, Mantura, Mantoloking, Middletown, Monmouth Beach, Monroe, Mt. Olive, National Park, North Plainfield, Oceanport, Oxford, Palmyra, Paulsboro, Plainfield, Plainsboro, Pt. Pleasant, Pt. Pleasant Beach, Red Bank, Riverside, Riverton, Roosevelt, Rumson, Sea Bright, Shrewsbury, Spotswood, South Brunswick, South Plainfield, Tinton Falls, Washington (Morris & Warren County), Wenonah, West Deptford, West Long Branch, Westhampton, Westville, White, Willingboro, Woodbury, Woodbury Heights. OREGON: Banks, Beaverton, Clackamas County, Cornelius, Durham, Forest Grove, Hillsboro, King City, Lake Oswego, River Grove, Sherwood, Tigard, Tualatin. PENNSYLVANIA: New Hope. SOUTH CAROLINA: Berkley County, Charleston, Charleston Air Force Base, Colleton County, Goose Creek, Hanahan, Isle of Palms, Mount Pleasant, North Charleston, Sullivan's Island, Summerville, Walterboro, U.S. Marine Corps Air Station-Laurel Bay, U.S. Naval Station-Hunley Park, unicorporated Charleston County. TEXAS: Addison, Alvin, Bayou Vista, Bedford, Brookside Village, Carrollton, Cedar Hill, Clear Lake Shore, Cockrell Hill, Colleyville, DeSoto, Dickinson, El Lago, Euless, Friendswood, Garland, Glenn Heights, Grand Praire, Hebron, Hillcrest Village, Hitchcock, Hutchins, Kemah, La Marque, Lancaster, League City, Magnolia, Nassau Bay, North East Houston (91% interest), Oak Ridge, Pearland, Red Oak, Rockwell, Rowlett, Santa Fe, Seabrook, South East Houston, Sunnyvale, Taylor Lake Village, Texas City, Tomball, Webster. VIRGINIA: Chesterfield.

Other media operations

Golden West Subscription of Dallas; Golden West Productions; Golden West Videotape and Golden West Television Distribution.

'Post' seeks youth via tv

Washington Post in 1985 spent a measured $1 million on its first tv image campaign designed to convince younger readers to subscribe. This year, the paper is putting its ad budget behind its Sunday magazine and may break a consumer campaign in the fall. Needham Harper Worldwide, Washington, handles.

RANK 44

Landmark Communications

Norfolk, Va.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	259	225	15.1
Total sales	262	229	14.4
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	217	192	13.0
Magazine	—	—	—
Broadcast	36	28	28.6
Cable	6	5	20.0
Outdoor	—	—	—

Growth at Landmark Communications in 1985 showed steady improvement in publishing and a sizable increase in broadcasting and video enterprises, where revenue contributions from The Weather Channel helped push up revenues in that division by 27.3%.

The Norfolk, Va.-based company, ranked the 44th largest media company, remains largely a newspaper company in which 82.8% of total revenues are generated by print media. Newspaper revenues, which grew 13% for the year—strong for newspaper groups in 1985—nonetheless could not match revenue growth from the broadcast side.

After losing money each year since it was founded in 1981, the Atlanta-based, 24-hour cable TWC came close to breaking even in 1985. "It was real close," says Douglas S. Holladay Jr., TWC vp-administration. "And as we look at 1986, it is going to be a good year." Cable systems under contract rose to 1,962 from 1,486 in 1984, with the channel carried in almost 20 million homes at yearend 1985, compared with 16 million the year before.

Aside from subscriber growth, the revenues stream at TWC felt the impact of subscriber fees Landmark has begun charging cable operators, ranging from 3 cents a month per customer for larger markets to 5 cents in smaller markets. Those fees generated TWC an estimated $9 million in 1985. The channel also recorded additional ad revenue.

Mainstay of Landmark's broadcasting and video operations are KNTV, an ABC affiliate in San Jose, Cal.; KLAS, a CBS tv affiliate in Las Vegas; two radio stations in Norfolk, Va. Norfolk radio stations WTAR and WLTY (fm) reported record revenues and profits in 1985 and ranked No. 1 in their market for combo stations. Continued growth is expected for KLAS in the fast-growth Las Vegas tv market. Record audiences were re-

You woke up the sleeping giant

TourBook
TourBook
TourBook
TourBook
TourBook
TourBook
TourBook
TourBook
BPA

And we thank you. Now we know that a circulation of 26,000,000 stands head and shoulders above you-know-who, you-know-who, and you-know-who-else. And we have a 3.5 average readership of well above average readers. Read on.

AAA TourBooks deliver the *buying half* of America at the best CPM in print

More than double the national average: that's the percentage of AAA members who golf, camp, boat, cycle and ski. More than double the national average in owning 3 cars, renting cars, flying, taking vacations, owning computers and VCRs, and holding just about any credit card you can think of. This is all from Simmons December 1985. Ask for the complete report for more astonishing facts about the 91,000,000 Americans who use and trust AAA TourBooks.

Phone Matt Lyle at 703-AAA-6172.
Or write:

AAA TourBook Advertising
8111 Gatehouse Road
Falls Church, Virginia 22047

Powerful AAAdvertising

AAA
American Automobile Association

ported in 1985 for KNTV in San Jose.

Landmark is seeking to extend its broadcast holdings by bidding with others for WHAS-TV, the Louisville station being sold by the Bingham family to dissolve the Courier-Journal & Louisville Times Co. At least three others are bidding on the station, estimated to cost from $65 million to $90 million.

Bedrock of Landmark's operations, however, remains publishing, particularly the Norfolk *Virginian-Pilot* and *Ledger-Star*, the *Roanoke Times & World News* and the *Greensboro* (N.C.) *News & Record*, each of which operated as separate divisions. The three dailies, with combined daily circulation of 463,000 and Sunday of 479,000, while showing only small circulation gains, marked consistent advertising revenue increases in 1985. Together, the three publications represented 82% of Landmark's publishing revenues in 1985, a 1% drop from 1984.

At the *Virginian-Pilot* and *Ledger-Star*, where record profits were recorded in 1985, the newspapers were redesigned to modernize typefaces and format, and carrier delivery was implemented for *EXTRA*, the papers' total market coverage publication, in response to postal moves to eliminate second-class mailing privileges. *EXTRA* now covers virtually all of Norfolk and is moving into Virginia Beach.

At the *Greensboro News & Record*, circulation increased every month, continuing a trend that began in August, 1983. But the newspaper discontinued in February its afternoon edition in the face of falling circulation. The *News & Record* began publishing the *Ledger*, a weekly tmc tabloid with a circulation of 389,000 distributed free to every household in the Piedmont Triad market.

And the *News & Record* purchased Triad Printing Co. in Winston-Salem, N.C., which publishes *Trading Post*, a classified tabloid, and *Wheels & Deals*, an auto trader quarterfold book. Triad also has a commercial printing business.

The *Roanoke Times-World News* published its first full edition on offset presses in August, and process color began. Operating income before depreciation established a new high.

Landmark Community Newspapers Inc. is comprised of four community daily newspapers and 23 nondailies, with total paid circulation of 186,000 in California, Florida, Illinois, Indiana, Iowa, Kentucky, Maryland, Mississippi, New Mexico, North Carolina, Virginia and West Virginia. One of the division's daily newspapers, the *Mount Vernon* (Ind.) *Democrat*, was converted from daily to twice weekly in May, and the *News-Enterprise*, Elizabethtown, Ky., launched a Sunday edition in September, as did the *Daily Californian*, El Cajon, Cal., in August, although it dropped its Monday edition.

LCNI also publishes 26 shoppers with total distribution of 330,000, adding shopper publications in 1985 in Tupelo, Miss.; Crystal River, Fla., and Tuscaloosa, Ala. The division purchased *Antiques & Collectibles*, serving Southern California, and began publishing *Apartments of Greater Baltimore*. LCNI also publishes *Florida Nursing News*, *Senior World* and *Homes of York-Adams County*, Westminster, Md.

LCNI's Special Publications branch publishes *Port Folio*, *Spectator Magazine of the Triad*, *Style Inc.*, and *Gambit*, free-distribution newsprint magazines covering leisure-time activities in, respectively, Virginia Beach, Greensboro, Richmond and New Orleans. *Gambit* began publication in 1985 with a circulation of 35,000. These magazines are carried under the totals for newspapers in this report.

Change is just ahead for TWC as the channel attempts to implement the results of national viewership surveys conducted last fall to identify areas of potential programing improvement. Officials haven't announced results of the study, but Mr. Holladay says one likely result will be the introduction in 1986 of state-of-the-art graphics to enhance the look of the on-air product.

"We absolutely feel very comfortable with our progress at TWC," Mr. Holladay says. "We are progressing along, meeting the goals and objectives of our business plan."

MEDIA PROPERTIES

Broadcasting

TV: KLAS-TV, Las Vegas; KNTV, San Jose, Cal.

RADIO: WTAR, WLTY (fm), Norfolk, Va.

Cable/video

CHANNELS: The Weather Channel.

Magazines

Antiques & Collectibles (Southern California); *Apartments of Greater Baltimore*, *Florida Nursing News*, *Gambit*, *Homes of York-Adams County* (Westminster, Md.); *Port Folio* (Hampton Roads, Va.); *Senior World* (South Florida, San Diego, Orange County, Santa Barbara); *Spectator Magazine of the Triad* (Greensboro, N.C.); *Style Inc.* (Richmond, Va).

Newspapers (dailies)

CALIFORNIA: *El Cajon Daily Californian*. KENTUCKY: *Elizabeth News Enterprise*. MARYLAND: *Westminster Carroll County Times*. NEW MEXICO: *Los Alamos Monitor*. NORTH CAROLINA: *Greensboro News & Record*. VIRGINIA: *Norfolk Virginian Pilot*, *Ledger-Star* (Norfolk), *Roanoke Times & World News*.

Newspapers (nondailies)

FLORIDA: Citrus County Chronicle (Inverness); *Sumter County Times* (Bushnell). ILLINOIS: *Vandalia Leader Union*. INDIANA: *Journal & Democrat* (Rockport), *Mount Vernon Democrat*, *News* (Tell City). IOWA: *Opinion Tribune* (Glennwood), *Red Oak Express*. KENTUCKY: *Anderson News* (Lawrenceburg), *Henry County Local* (New Castle), *News Democrat* (Carrollton), *Casey County News* (Liberty), *Central Kentucky News-Journal* (Campbellsville), *Cynthiana Democrat*, *Lebanon Enterprise*, *Oldham Era* (La Grange), *Shelbyville Sentinel-News*, *Springfield Sun*, *Trimble Banner Democrat* (Bedford). MARYLAND: *Reisterstown Community Times*, *Randallstown News*. MISSISSIPPI: *New Albany Gazette*. WEST VIRGINIA: *Gazette* (Galax). Also, 26 shoppers plus special interest magazines and Capital-Gazette Newspapers, Annapolis, Md. (49.9% owned).

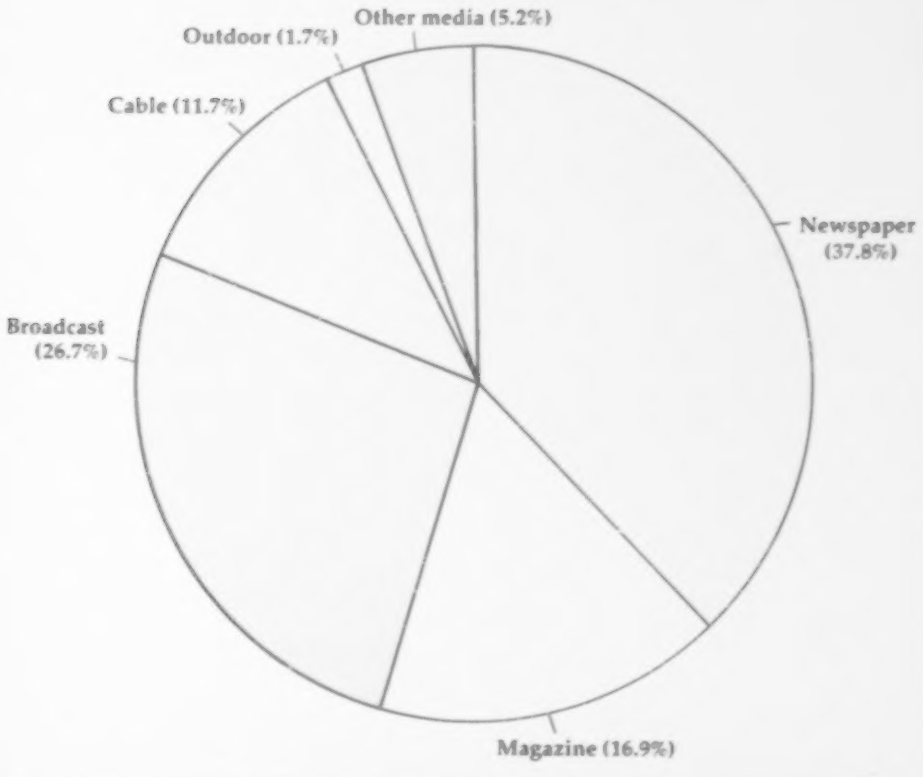
100 media cos. revenues

Media	Total revenues 1985	Total revenues 1984	% chng	Cos. with revenue 1985	Cos. with revenue 1984
Newspaper	$19,909	$18,110	9.9	52	51
Magazine	8,920	8,158	9.3	43	43
Broadcast	14,060	13,228	6.3	55	52
Cable	6,148	5,377	14.4	37	38
Outdoor	895	702	27.5	8	6
Other	2,736	2,210	23.8	10	10
Total	52,668	48,097	9.5	100	100

NOTE: Dollars in millions

Revenues by media

as % of $52.7 billion



RANK

62

Lee Enterprises

Davenport, Ia.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	183	169	8.2
Total sales	207	190	8.7
Net income	31	27	15.0

Sales by media	1985	1984	% chg
Newspaper	132	121	8.9
Magazine	—	—	—
Broadcast	52	49	6.8
Cable	—	—	—
Outdoor	—	—	—

Many of Lee Enterprises' newspaper and broadcast properties may be located in America's long-suffering heartland, but that has not kept the Davenport, Ia.-based company from its steady growth performance. Only once since 1969, when Lee went public, has there been an earnings decline.

While most newspaper companies had an increase in earnings of less than 10% in 1985, Lee, the nation's 62nd largest media company, recorded a 13% improvement for a new record. It also used some of its cash in 1985 to buy into a tv station, extend its ownership of a newspaper and repurchase substantial quantities of Lee common stock.

In March, the company acquired 42% of New Mexico Broadcasting Co., owner of CBS affiliate KGGM-TV in Albuquerque, N.M. John S. Stemlar, vp-finance and treasurer, says Lee "likes to buy minority interests in properties we feel have long-term potential. We have no particular timetable for increasing our stake."

Underscoring that point, Lee purchased in May the remaining minority interest in Bismarck Tribune Co. in Bismarck, N.D. During the third quarter, it also distributed 1.5 million shares to stockholders of New America Fund Inc., a closed-end investment company. New America has owned an interest in Lee Enterprises since 1974. This partial liquidation to more than 4,000 shareholders doubled the number of Lee shareholders during the year.

Exclusive of the Bismarck Tribune, revenues for Lee's newspaper operations increased 7% in 1985. Newspaper advertising revenues edged forward by 3%, while circulation revenues jumped 12%, a direct result of increasing rates rather than circulation. Of the 18 dailies in the Lee chain, 14 suffered circulation declines in both the weekday and Sunday paper. Only the Bismarck, Lincoln, Neb., and Madison, Wis., papers had daily and Sunday gains. The lead paper, the *Wisconsin State Journal* in Madison, registered 77,559 for the morning paper, a slight improvement over a year earlier, and a 3.2% gain to 144,847 for the Sunday, according to ABC averages for the period ended March 31, 1986.

The over-all gain in circulation revenue helped offset a soft national advertising demand and the continuing shift of local display advertising to inserts. The preprints, locally and nationally, generate less revenue and are costlier to distribute.

Lee devoted the decade of the '70s to upgrading plant and equipment and increasing productivity in its newspaper operations. In this decade, the emphasis is on increasing revenues. In light of the current state of the economy, president Lloyd G. Schermer sees increased community involvement in Lee's markets as one of the keys to increased sales.

At the *Quad-City Times* in Davenport, for example, publisher John Gardner has taken a very active role in the Future Davenport Group, which is helping to prepare the community's response to potential business prospects as it shifts from heavy dependency on the farm-equipment economy.

For the second successive year, one of Lee's newspaper properties, the *Southern Illinoisan* in Carbondale, converted from afternoon to morning publication. Because of the large number of afternoon dailies in the primary market area, the newspaper's executives believed a morning edition could better meet the needs of advertisers and readers.

In addition to its 18 newspapers, Lee has one more print medium, *Western Business*. A monthly magazine started three years ago by the *Billings Gazette*, it serves as a business publication in Montana, Wyoming, North Dakota and South Dakota.

Publisher Wayne Schiele says the magazine has a strong readership among its 22,000 subscribers. About one-third of the circulation is paid. The magazine is beginning to turn the corner toward profitability, and Mr. Schiele says plans are under way to convert many of the nonpaid subscribers to paid. "We are hopeful of maintaining a paid circulation of 12,000 to 14,000," he says.

Broadcast revenues for 1985, compared with 1984, showed a 7% increase. Operating profit was up 28%. Improved results were most in evidence at Lee's CBS-TV affiliate in Honolulu, KGMB. In November, the company exercised its option to purchase two satellite stations on the islands of Maui and Hawaii. These two stations rebroadcast programs received from KGMB.

A popular Honolulu game show, "$9,000 Jackpot Bingo," broadcast over KGMB, has been syndicated and is being carried on three other stations in the country, including Lee's KOIN-TV in Portland, Ore. The syndicated version is titled "Bingo USA," and viewers can play by using special bingo cards available in the markets where the program is aired.

Lee's tv property in Huntington-Charleston, W.Va., WSAZ-TV, ended 35 years of network interconnection by microwave and coaxial cable when the station installed two new satellite dishes and began receiving the NBC-TV network by way of Ku-band satellite transmission.

NAPP Systems, Lee's joint venture with Nippon Paint Co. of Osaka, Japan, continues among the leading manufacturers of photopolymer letterpress plates in the world. The Lee subsidiary maintains a 50% share in a competitive market.

A pilot manufacturing facility and research and development center are planned for this segment of Lee's operation. The manufacturing facility will be used to produce NAPPflex, the world's first premanufactured, water-processible flexographic printing plate for newspapers.

NAPP Systems plates are marketed worldwide, and with the gradual conversion from letterpress to offset, the company is beginning to examine the feasibility of manufacturing plates for offset presses as well.

Another Lee subsidiary, Call-It Co., has been involved for three years in developing an interactive audiotext system, enabling telephone users to gather information. Continuing research to expand the capabilities of computer software used in the verbal transmission of information is expected to enable Call-It Co. to add to Lee's future earnings.

MEDIA PROPERTIES

Broadcasting

TV: KGGM-TV, Albuquerque, N.M. (42% ownership); KGMB, Honolulu; KHQA-TV, Hannibal, Mo.; KOIN-TV, Portland, Ore.; WSAZ-TV, Huntington, W. Va.

RADIO: WTAD, WQCY (fm), Quincy, Ill.; KFAB, KGOR (fm), Omaha, Neb. (partially owned by Journal-Star Printing Co.).

Magazines

Western Business (Billings, Mont.).

Newspapers (dailies)

ILLINOIS: *Decatur Herald & Review, Kewanee Star Courier, Southern Illinoisan Review* (Carbondale). IOWA: *Mason City Globe-Gazette, Muscatine Journal, Ottumwa Courier, Quad-City Times* (Davenport). MINNESOTA: *Winona Daily News*. MONTANA: *Billings Gazette, Butte Montana Standard, Helena Independent Record, Missoula Missoulian*. NEBRASKA: *Lincoln Star*. NORTH DAKOTA: *Bismarck Tribune*. OREGON: *Corvallis Gazette-Times*. WISCONSIN: *La Crosse Tribune, Racine Journal, Wisconsin State Journal* (Madison).

Other media operations

Video Times (videotex).

OTHER OPERATIONS

NAPP Systems (U.S.A. manufacturer of graphic system products); Call-It Co.

RANK **70**

LIN Broadcasting

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	163	143	14.2
Total sales	172	149	15.4
Net income	36	29	23.0

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	17	14	21.0
Broadcast	146	129	13.5
Cable	—	—	—
Outdoor	—	—	—

LIN Broadcasting, the nation's 70th largest media company, has taken time out from buying media properties, devoting itself to building its cellular phone business. The New York-based company, however, continued to report record revenues and earnings in 1985.

Media revenues for the year increased only 14% compared with a 40% growth between 1983 and 1984 when it acquired two Indiana tv stations from A.H. Belo Corp. in February, 1984.

The company continues to look for broadcast properties "if they make sense by adding to shareholder value and to the value of the company," says Michael Plouf, vp-corporate development and treasurer.

LIN entered into an agreement to sell its only nonmedia business, a New York radio paging service, to NYNEX for an undisclosed amount. The company sold the service because it believed the business "was not significant enough to constitute a separate part of our operations," Mr. Plouf says.

Nonwireline cellular telephone communications, a new business for LIN, got a boost in early 1986 when LIN increased its interest in its Dallas and Houston cellular operations: in Dallas to 64% from 60%, and to 50% from 21% in Houston. LIN also owns 45% of a system in New York, a 35% interest in Los Angeles and 51% in Philadelphia.

Settlements over licensing of the cellular companies have been reached in LIN's favor in three of the five markets; two suits from competitors still are pending.

The company has high hopes for the future of its cellular investments, but expects that marketing and development costs may have a negative impact on earnings over the next few years.

During the past year LIN consolidated its two hotel city guides, *GuestInformant* and *Leisureguides*, into a single operation under the *GuestInformant* banner. It is expanding the information guide service within its existing markets and has added one new market, Hawaii.

Revenues from radio operations were relatively flat last year, pulled down largely by weak ratings of KILT (am, fm) in Houston. LIN reported its tv division had a 16% increase in revenues.

MEDIA PROPERTIES

Broadcasting

TV: WAND, Decatur/Champaign/Springfield/Danville, Ill.; KTVV, Austin, Tex.; KXAS-TV, Dallas/Fort Worth; WAVY-TV, Portsmouth/Norfolk/Newport News/Hampton, Va.; WOTV, Grand Rapids, Mich.; WISH-TV, Indianapolis; WANE-TV, Fort Wayne, Ind.

RADIO: WIL (am, fm), St. Louis; WBBF, WMJQ (fm), Rochester, N.Y.; WFIL, WUSL (fm), Philadelphia; KILT (am, fm), Houston; WEMP, WMYX (fm), Milwaukee.

Magazines

GuestInformant (distributed in hotel rooms).

OTHER OPERATIONS

Cellular radio ventures.

RANK **45**

Maclean Hunter Ltd.

Toronto

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	258	248	3.9
Total sales	696	646	7.8
Net income	43	35	20.7

Sales by media	1985	1984	% chg
Newspaper	129	138	(6.7)
Magazine	52	47	10.9
Broadcast	—	—	—
Cable	77	63	22.0
Outdoor	—	—	—

Maclean Hunter Ltd., with major media investments in the U.S. encompassing the *Houston Post*, cable and business periodicals, recorded a 6.3% increase in U.S. media to an estimated $257.5 million in 1985, which ranked the Toronto-based company the 45th largest media company measured by its U.S. holdings.

Worldwide, total revenues increased 7.8% to $696.2 million in 1985, with newspapers, periodicals and printing contributing 63% of the total. U.S. revenues are estimated at $306 million, up 5.2% from 1984, and are all media except for $48.5 million attributed to Transkit business forms.

U.S. dollar figures for this profile were converted from Canadian currency at the rate of C$1=U.S.$0.716. The same rate was applied to 1984 figures for year-to-year comparison. The Canadian dollar fell 8% against the dollar in 1985.

Of the worldwide total, 33% of revenues were derived from Maclean Hunter newspapers; 30% periodicals and printing; 17% cable tv; 11.4% business forms; 5.2% broadcasting, and the remainder from communications services (including radio paging and trade shows).

Maclean Hunter publishes 167 periodicals: 125 in Canada (out of Toronto, Montreal, Calgary and Vancouver); 24 in the U.S. (New York, Chicago, Clearwater, Fla., and Stamford, Conn.), and 18 out of London. The company also owns advertising rate and data publications in West Germany, Austria, France, Italy and Switzerland.

Operating income from periodicals in 1985 rose 9% from 1984, far off the 50% growth from 1983. Revenues increased 10.9% over 1984, compared with that year's growth of 17% over 1983.

Ad pages for the company dipped throughout the first half before rebounding at yearend. Ad pages for Canadian publications rose 6.7% in 1985 vs. 17% in 1984. Foreign publications gained 2.9% in ad pages vs. 4.2% in 1984.

First-quarter results at the company's top Canadian magazines in 1986 have been encouraging for overall growth in the periodicals division. *Maclean's*, the weekly news magazine, posted ad revenue of $8.4 million, up 40% from the first quarter in 1985. *L'Actualite*, a French language monthly, had a 66% increase to $1.7 million. Both were record revenue levels.

The company's three U.S.-based publishing operations are Maclean Hunter Media in Stamford, Conn., and Clearwater, Fla.; Maclean Hunter Publishing Co. in Chicago, and HP Publishing, New York.

Maclean Hunter Media, publisher of *Progressive Grocer* and related electronic information services, entered the video magazine business with the acquisition of *Retail Insight*. Two videotape guides for the supermarket and convenience store markets were part of that acquisition, and a third was introduced in December for the restaurant market. The company also added *National Mall Monitor*, an every-other-monthly Florida-based magazine for the shopping center industry. The magazine incorporates a conference and newsletter, and has potential to generate revenue in data services and video.

Results at *Hospital Practice*, a U.S. medical journal acquired in 1983, fell significantly behind plan. An increase in publishing frequency did not get the response expected from advertisers.

National Market Reports Inc., MH Publishing's price-guide operation, had another good year.

Electronic Red Book, an electronic automobile valuation database, showed potential in the first year, and *Truck Lease Guide* was launched in electronic form. Advertising in the Canadian Red Book continues to grow, and its U.S. counterpart also has begun selling advertising.

Declining oil prices created an overall slump in the Texas economy and were responsible for an off-year at the *Houston Post* despite 1.9% circulation increases in both the daily (316,209) and Sunday (373,573) editions, according to six-month ABC averages ended March 31, 1986.

Donald Hunt, *Houston Post* publisher and exec vp, Toronto Sun Publishing Corp., says revenues at the newspaper dropped 7% despite an advertising rate increase of 5%.

"Houston was overbuilt, the real estate market is dead. With the number of people being laid off, the stores are reluctant to make big decisions. Even grocery stores say their revenues are down," he says. Despite these cutbacks, Mr. Hunt says the quality of the paper has been upgraded. "We've been on a reduction program since we've bought the paper, but we've increased the editorial staff."

The *Post* is part of the Toronto Sun Publishing Corp., of which 51% is owned by Maclean Hunter. Other major newspapers in the group include the *Toronto Sun, Edmonton Sun* and *Calgary Sun*.

Maclean Hunter's success with pay tv has been considerably better in the U.S. than it has in Canada, mainly because pay tv suppliers in the States scramble their signals, making those signals unavailable to dish owners. Cable tv revenues in the U.S. (66% of the total cable operation) were $76.6 million, up 22% from 1984 despite the sale of two Michigan systems last September.

Major divestitures in 1985 included Pontiac Cablevision in Michigan and the closing of a business forms facility in Los Angeles (formerly part of Transkrit Corp.).

U.S. MEDIA PROPERTIES

Cable/video

SYSTEMS: MICHIGAN: Garden City, Metro Cablevision, Wayne Cablevision. NEW JERSEY: Suburban Cablevision.

Magazines

American Printer, Blue Book of Used Truck Valuations, Boxboard Containers, Coal Mining & Processing, Concrete Products, Dog World, Graphic Arts Product News, Hospital Products, Mobile/Manufactured Home Blue Book, Motorcycle Red Book, National Boat Book, National Mall Monitor, Older Car Red Book, Pacific Fishing, Paper Film & Foil Converter, Physician Management Manual, Progressive Grocer, Progressive Grocer Executive Report, Recreational Vehicle Blue Book, Red Book of Official User Car Valuations, Remodelling Contractor, Rock Products, Supermarket Insights (videocassettes), *Van Conversion Blue Book*.

Newspapers (dailies)

TEXAS: *Houston Post*.

OTHER OPERATIONS

Maclean Hunter Media (Stamford, Conn.; Clearwater, Fla.), Maclean Hunter Publishing (Chicago), HP Publishing (N.Y.), Transkrit.

Pursuing Excellence.

Special effort, extra service, nothing less than excellence. At the Times Publishing Company, we insist on dedication that guarantees the needs of readers and advertisers will be met. And while there's much left to be done, we've made some impressive strides:

• In 1984, the *St. Petersburg Times* was cited as one of America's top ten newspapers by *Time* magazine and was judged to have the world's best color reproduction by Kodak. Members of our staff have garnered three Pulitzer Prizes; one for public service and two for investigative reporting.

• Winner of more than 600 state, regional and national awards, the *Evening Independent* is proud of circulation gains that reflect how their new look and personal approach to news has captivated readers who enjoy an afternoon paper.

• Award-winning business publication *Florida Trend*, and newly successful *Georgia Trend* will welcome yet another magazine this fall. *Arizona Trend* will begin publication in Septmeber, 1986.

• Modern Graphic Arts produced more than 190 million pieces of quality printing and opened new offices in Atlanta and Charlotte.

• We publish the weekly report of *Congressional Quarterly* in Washington D.C.---a report that remains the nation's foremost journal on Congress and Political action.

Most importantly, we're proud of all that these awards, our newspapers and our affiliates represent. Creativity. Professionalism. Excellence. Not just occasionally, but consistently.

Our goal is excellence and service for our readers and advertisers. Every award is another challenge to make Florida's best even better.

Times Publishing Company

and its wholly-owned affiliates

St. Petersburg Times • Evening Independent • Modern Graphic Arts •
Florida Trend • Georgia Trend • Arizona Trend • Congressional Quarterly

RANK
Macromedia Inc. 85

Hackensack, N.J.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	120	109	10.1
Total sales	121	109	10.6
Net income	9	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	98	87	12.6
Magazine	—	—	—
Broadcast	22	22	0.4
Cable	—	—	—
Outdoor	—	—	—

Media revenues grew 10.6% at Macromedia Inc. in 1985 over the previous year, stimulated largely by substantial advertising and circulation gains at the group's lead media property, the Bergen County *Record*, and the acquisition of a midsized newspaper that extends the company's dominance over its northern New Jersey home base.

Hackensack-based Macromedia, the 85th largest media company, comprises Bergen Record Corp. (the *Record*) and Gateway Communications' tv stations, and in late 1985, added the *News Tribune* of Woodbridge, N.J.

Macromedia, a holding company privately owned by Malcolm A. Borg and his family trusts, is dominated by its newspaper operations, which produced revenues of $97.6 million in 1985, up nearly 12.6% from 1984. Tv generated $22.4 million, up only 0.5%.

Macromedia reinforced its position in the northern New Jersey newspaper arena with the December, 1985, acquisition from Middlesex Publishing Co. of the *News Tribune*, which serves the Perth Amboy-Woodbridge area. Purchase price was not disclosed. Middlesex Publishing is owned by the John Burk family. The weekday afternoon had a circulation of 51,635, according to six-month ABC averages ended March 31, 1986. This compares with 54,041 a year earlier.

"We view this purchase as an opportunity for corporate growth in a market which shares many of the demographic characteristics of Bergen County. Middlesex's current growth rate makes the *News Tribune* an attractive addition," says Mr. Borg, chairman of the board of Macromedia Inc. The Middlesex-Somerset-Hunterdon region in north-central New Jersey ranked fifth in national median household gross income in 1984. The Bergen-Passaic area ranked 12th among U.S. government-designated metropolitan statistical areas.

Macromedia will mesh operations of the *News Tribune* with those of the *Record*, the largest evening circulation newspaper in the state with primary readership in Bergen, Passaic and Morris counties. Selected editorial material from the *Record* already has found its way into the pages of the *News Tribune*. Combo advertising rates are planned between the two publications.

During 1985, the *Record's* over-all advertising increased 14.7%. It carried 9.5% more advertising inches and 7.5% more insert advertising. The newspaper has shown especially strong growth in its four-color advertising. In 1985, the paper carried 348,000 ins. of color advertising. For the second straight year, the *Record* ranked first among the nation's newspapers for Sunday color advertising, as measured by Media Records, which also ranked the *Record* first among evening and Sunday newspapers for color advertising, after placing fourth in 1984.

The *Record's* advertising growth, in part, results from an aggressive sales pitch to advertisers that keys on the prime demographics of its readership. Its market accounts for 21% of all retail sales in New Jersey.

In 1985, the newspaper entered its third year of a modernizetion campaign, adding an additional $10 million to upgrade its headquarters and printing and newspaper handling facilities.

Operation Plus, a companywide circulation drive, was initiated in 1985 to increase over-all *Record* readership. Emphasis was placed on continuing the newspaper's move into adjacent Passaic and Morris counties. According to Frank J. Savino, vp-marketing for the *Record*, Operation Plus resulted in an increase of nearly 18,000 new subscriptions.

For the year, daily circulation averaged 161,969, according to ABC six-month averages ended March 31, 1986, an increase of 3.2% over the corresponding period in 1985. Sunday circulation averaged 227,205, up slightly from 225,520.

To augment its increased circulation in Passaic and Morris counties, the *Record* has added editorial, circulation and advertising staff to its satellite Passaic/Morris office in Wayne, N.J. The editorial staff of the newspaper received 10 first-place awards and 27 total awards from the New Jersey Press Assn. in 1985.

Gateway Communications, Cherry Hill, N.J., the broadcast arm of Macromedia, stood still during 1985. It operates one uhf and three vhf tv stations.

Gateway owns and operates an ABC affiliate station in Charleston/Huntington, W.Va., the nation's 44th largest media market (or ADI as established by Arbitron). It owns and operates CBS affiliate stations in Binghamton, N.Y., the 133rd largest market; Johnstown/Altoona, Pa., the 49th market, and Lancaster/Lebanon, Pa., the 46th market. Channel 15 in Lebanon/Lancaster is the company's lone uhf holding.

A Macromedia spokeswoman declined to reveal any acquisition plans in either publishing or broadcasting.

MEDIA PROPERTIES
Broadcasting

TV: WBNG-TV, Binghamton, N.Y.; WLYH-TV, Harrisburg/York/Lancaster/Lebanon, Pa.; WOWK-TV, Charleston/Huntington, W.Va.; WTAJ-TV, Johnstown/Altoona, Pa.

Newspapers (dailies)

NEW JERSEY: *News Tribune* (Woodbridge), *Record* (Hackensack).

RANK
McCall Publishing Co. 73

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	153	129	18.8
Total sales	161	145	11.1
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	153	129	18.8
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

McCall's magazine, the lead property of McCall Publishing Co., cut its rate base from 6.2 million to 5 million and reduced its advertising rates by 13.6% in 1985 to keep pace in the highly competitive women's service magazine field.

The move was an attempt to make *McCall's* more attractive to advertisers by offering lower prices and a more targeted audience in hopes of building back the 3% decline in ad pages in 1985.

McCall, owned by the Pritzker (Hyatt Hotels) family of Chicago, was the 73rd largest media company, with estimated net revenues of $152.9 million in media in 1985, an 18.8% increase over restated revenues of $128.7 million in 1984. That result was based largely on a 6% growth in ad dollars because of higher rates in 1985 and a strong performance from *Working Mother*, including a 10.5% increase in ad dollars and a 10% increase in circulation.

Robert Krefting, exec vp at McCall Publishing, defends the rate base changes initiated by *McCall's* Oct. 25, 1985: "Lowering the rate base allows us to maximize circulation profits while concentrating on our market segment. It allows us to deliver a large, efficient audience while at the same time lowers costs for the advertiser. *McCall's*, by focusing on a smaller, more productive group, can also make more money in the long run," he says.

Lowering of the ad rate allows the magazine to be more competitive in an attractive, but mature women's service sector. *McCall's* registered the largest drop in advertising rates of the seven major women's service magazines, but its 3% decline in ad pages to 1,193 was not the only drop in ad pages among the service books. *Redbook's* ad pages were off 0.9%; *Woman's Day's*, 6.9%; *Better Homes & Gardens*, 9.1%. *Good Housekeeping*, which led the women's service pack with 2,032 ad pages, registered only a 1% gain in ad pages.

McCall's 3% decline (37 pages) in ad pages, was almost exclusively a result of the loss of the R.J. Reynolds' business. In all, *McCall's* tobacco business was down 50 pages, according to Mr. Krefting. Much of the decline was offset by a 10% growth in food categories and 40% improvement in mail order, and a 12% growth in toiletries and cosmetics.

Although *McCall's* has made some progress in attracting automotive advertisers, the company believes it ought to make further inroads. An automotive study is under way to help *McCall's* prove its point to auto makers.

In an effort to make *McCall's* an efficient and attractive media buy to advertisers, the magazine has instituted various merchandising programs, including a spring beauty promotion that combines *McCall's*, *Working Mother* and the company's annual beauty guide into a combined buy.

During the past year, single-copy sales declined by 13.6%, to 664,467, according to ABC totals for the June 30, 1985, reporting period. *Better Homes & Gardens* and *Redbook* were the only women's service publications to gain in single-copy sales, by 12.1% and 20.1%, respectively, for that period.

The editorial product at *McCall's* magazine has undergone changes in format and focus to enhance its readability and to attract advertising. During the past year, the magazine introduced self-contained articles, which have been in use at *Working Mother*, but is unusual to the women's service magazine field. Rather than beginning an article with a four-color spread, followed by a 40-page jump to the black-and-white carry-over, *McCall's* articles are presented as self-contained, page-by-page units. This gives *McCall's* more flexibility in positioning and makeup, and also eliminates the clutter of back-of-the-book carryovers. Advertisers have more opportunities to face off editorial they're most interested in because the new format creates extra adjacencies.

Editorial subject matter at *McCall's* now includes more emphasis on child-care, and health and fitness, in addition to its traditional offerings. A. Elizabeth Sloan, former director of the Good Housekeeping Institute, was named the new editor in November, 1985, replacing Robert Stein, who continues as a consultant to the magazine.

McCall's continued its image-changing advertising campaign, "*McCall's*—more than the expected," in which six famous faces grace print and outdoor ads as *McCalls's* "typical" readers. Joining Tina Turner, Carly Simon, Cher and Diane Von Furstenburg this past year were Bette Midler, portrayed as "One of the old-fashioned girls who reads *McCall's*," and Yoko Ono, "One of the dull conformists who reads *McCall's*." Levine, Huntley, Schmidt & Beaver in New York handles. A new wrinkle in the campaign is the placing of ads on phone booths in Manhattan and Chicago.

McCall's, owned by a private, free-standing publisher often is rumored to be a buyout target. "We're not short on offers," Mr. Krefting says, "but the magazine is NOT for sale." *McCall's* has been under the Pritzker family's control since it was bought for $8 million in 1973 from Norton Simon Inc., now part of Beatrice Cos.

McCall's, which celebrates its 110th anniversary this year, started a new publication Jan. 1, 1986, called *Baby!*. The new venture by the editorial and marketing staff of *Working Mother* is scheduled to be distributed to 3.3 million new mothers per year, reaching an average of 9,000 new mothers a day. The distribution vehicle is the First Moments Inc. new parents sampling kit, which is delivered to new mothers in the hospital the day after giving birth. Advertisers buy one year's worth of births, reaching 9 out of 10 new mothers, via three printings a year. Thanks to the interest of advertisers including Procter & Gamble, Gerber Foods, Mattel, Johnson & Johnson and Eastman Kodak, *Baby!* was in the black with its first issue.

Its parent publication, *Working Mother*, increased circulation to 556,000, according to the ABC audit covering the second half of 1985. This represented a 10% circulation increase. *Working Mother* was launched in October, 1978, and has been a monthly since 1981. The magazine's distribution exceeded its rate base of 550,000 on every issue last year, Mr. Krefting says. During the past year, advertising revenues grew by 20.8%, while ad pages grew to 882, up 1.2%, according to Publishers Information Bureau.

Working Mother addresses a growing market—19.5 million working mothers and 46% of all new mothers because that is the percentage who return to work before the child turns a year old. Its circulation is 98% subscription, and the median age of its readers is 35.5 years, according to a Beta Research Corp. study.

Working Mother's regular features include "The Healthy Child," "Take Care of Yourself" and "Relax While it Cooks." Three new regular features, "Video Review," "Microwave Magic," and "Traveler's Advisory," were added this past year.

In July, 1985, McCall, Times Mirror Magazines and Meredith Corp. each sold their one-third interests in Select Magazines, a national magazine distributor, to John O'Reilly of Regional Financial Enterprises, a New Canaan, Conn.-based ventures capital company. The three remain clients of Select.

Robert Krefting is a newcomer to McCall. The former president and ceo of City Home Publishing became exec vp in December, succeeding Andrew Dempsey, who became the new president of Times Mirror Magazines. Richard Selby, McCall creative director, was named promotion director, succeeding Marie Conklin, who left the company to become promotion director for Sunday Magazine Network, New York. Ned Marini is McCall's new chief financial officer. He replaced Bruce Milove in February, 1985.

MEDIA PROPERTIES
Magazines

Baby!, McCall's, Working Mother, Working Mother Digest, Cooking School, Beauty, Diet & Health Guide.

OTHER OPERATIONS

American Family Publishers (50% owned).

RANK
McClatchy Newspapers 41

Sacramento, Cal.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	275	255	7.8
Total sales	275	255	7.8
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	248	214	15.9
Magazine	—	—	—
Broadcast	14	12	16.7
Cable	13	13	0.0
Outdoor	—	—	—

McClatchy Newspapers, a media company consisting of seven dailies, three weeklies, four radio properties and four cable systems, is leaving the cable business and investing more heavily in the newspaper field in 1986.

The Sacramento, Cal.-based company, which was the 41st largest media company with an estimated 7.8% increase in media revenues in 1985, is buying the *Tacoma* (Wash.) *News-Tribune* from Tribune Publishing Co.

The Tacoma paper has a circulation of 107,678 evenings and 119,150 Sunday, according to six-month ABC figures ended March 31, 1986.

Newspapers already represent about 85% of family-owned McClatchy Newspapers, a percentage set to increase with the company's decision to sell four cable systems with 86,000 subscribers to Continental Cablevision Inc., Boston. The systems take in Reno, Nev., and Fresno, Marysville/Yuba City and Visalia, Cal. CCI is the seventh largest cable operator in the U.S. in subscribers. No sale price was disclosed. The cable sale will help pay for the Tacoma newspaper purchase, which reportedly will cost $205 million.

McClatchy's rationale for entering cable was that "there might be a synergism with newspapers and that cable, in fact, might even threaten newspapers' advertising base," Erwin Potts, exec. vp says. "Certainly, that has not happened and we don't think it's going to happen to any significant degree. Cable is a good sound business, but we found that as a newspaper company, we were not as good at running a cable system as we were a newspaper. So we decided to stick to our knitting."

In 1985, the hotly competitive circulation battle between the *Anchorage Daily News* (in which McClatchy acquired an 80% interest in 1979) and the *Anchorage Times* continued to show gains for the *Daily News*. From a daily circulation of 12,000 in 1979, the *News* circulation had risen to 53,169 daily and 64,545 Sunday, according to ABC reports of March 31, 1986. Those same reports place the *Times* at 40,029 daily and 50,070 Sunday. The *Daily News* for that period was up slightly from the same period in 1985 and the *Times* was down slightly.

The *Daily News* advertising-to-editorial ratio now is almost up to 60%. The various departments of the *Daily News* were to move into a new $28 million building in June.

McClatchy is best known for its ownership of the *Sacramento Bee*, *Fresno Bee* and *Modesto Bee*, all dailies that have shown small gains during the past year. Circulation figures for the period ending March 31, 1986, were 235,991 daily and 273,912 Sunday for Sacramento; 139,213 daily and 166,943 Sunday for Fresno, and 74,260 daily and 80,980 Sunday for Modesto. While the Fresno and Modesto papers don't face head-on competition, the Sacramento paper faces a challenge from the *Sacramento Union*, although it dominates the morning *Union* (94,097 circulation) and Sunday paper (92,860).

McClatchy dailies in other markets were also on the move. Operations of the *Gilroy Dispatch*, a five-day-a-week paper that serves the southern end of Silicon Valley, were consolidated to serve also as a central production facility for other company newspapers: the weekly *Morgan Hill Times* and the *Hollister Freeland*. Mr. Potts reports the circulation decline of the *Tri-City Herald* in Richland, Wash., appears to have bottomed out and the daily is beginning to show some small gains.

Key personnel changes saw Robert Byerly, formerly general manager of the *Sacramento Bee*, take over as director of operations of all three *Bee* newspapers. He was succeeded as general manager at Sacramento by Frank Whittaker, who held a similar post with the *Toronto Star*. John Ward, formerly an executive with Knight-Ridder Newspapers in Fort Wayne, Ind., became the new general manager of the *Modesto Bee*.

Arbitron ratings for the Sacramento market show McClatchy's news/talk am station KFBK No. 1 in its field, going from a 5.7 to a 6.7 rating in the fall book. In this period the company's country music station, KAER (fm), saw some slippage, going from a 4.4 to a 3.3 rating, reflecting increased competition from a new country music station.

In Fresno, both McClatchy radio stations were up in Arbitron's fall numbers, KMJ news/talk jumping from 8.5 to a 9.6, while country music station KNAX (fm) moved from 4.3 to a 4.6 rating.

While its cable operations soon will be only a memory at McClatchy, the company's electronic communication division continues to chalk up mostly gains for its radio operations and some wins and losses with its videotex ventures. On the plus side is LegiTech, a computerized service for tracking state legislation and political contributions, which is sold for a fee to magazines, newspapers, government agencies and lobbyists in California, New York and Washington.

El Dorado Teleguide, a public access electronic information service begun in 1984, has 100 terminals in use throughout Sacramento, Lake Tahoe and Reno. The units are placed in hotels, shopping areas, convention centers and casinos and offer an advertiser-supported service that contains 3,200 pages of information on restaurants, hotels, local events, areas of interest and advertising. The software is licensed to El Dorado Teleguide by Infomart of Canada.

But the past year also saw the dissolution of McClatchy's partnership with Times Mirror Co. and the *Bakersfield Californian* in Grass Roots California, another videotex project. The system offered weather, commodity and farm management information to the agricultural community, but McClatchy opted to pull out because "we felt we were in enough videotex projects with Teleguide and LegiTech," Mr. Potts says.

The company also put an end to its consideration of a joint venture in cellular radio with Cellular Communications, New York, and FMI, Miami. "We still have some holdings in cellular in the Oxnard-Ventura franchise," Mr. Potts says, "and we don't know where we're going with those at the moment."

MEDIA PROPERTIES

Broadcasting

RADIO: KMJ, KNAX (fm), Fresno, Cal.; KFBK, KAER (fm), Sacramento, Cal.

Cable/video

SYSTEMS: CALIFORNIA: Norcal Cablevision-Yuba City; Sequoia Cablevision-Tulare; Fresno Cable TV Ltd.-Fresno. NEVADA: Tel-Cab Communications-Reno. (All systems are being sold to Continental Cablevision.)

Newspapers (dailies)

ALASKA: *Anchorage Daily News* (80% interest). CALIFORNIA: *Fresno Bee, Gilroy Dispatch, Hollister Freeland* (50% interest), *Modesto Bee, Sacramento Bee.* WASHINGTON: *Tri-City Herald* (Richland); *Tacoma News-Tribune* (purchase has been agreed on in principle).

Newspapers (nondailies)

CALIFORNIA: *Clovis Independent, Lincoln News Messenger, Morgan Hill Times.*

Other media operations

San Joaquin TV Services, Fresno, Cal.; Fresno MDS Co. (33% owned), Fresno, Cal.; LegiTech (90% owned), Sacramento, Cal., Albany, N.Y.; Eldorado Teleguide, Sacramento, Cal.

RANK

McGraw-Hill 16

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,031	964	7.0
Total sales	1,491	1,402	6.4
Net income	147	144	2.2

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	676	658	2.7
Broadcast	83	82	1.7
Cable	—	—	—
Other	272	224	21.3

McGraw-Hill and its leading magazine, *Business Week*, had a less than stellar year as poor market conditions cut deeply into many of the business sectors addressed by McGraw-Hill.

New York-based McGraw-Hill, the 16th largest media company, had over-all net income growth of only 2.2% on operating revenue growth of 6.4%. Media revenues grew from 68.7% in 1984 to 69.1% of total revenues, and generated operating profit of $228.6 million, up 1.6% from 1984.

Business Week, despite its troubles, still led all U.S. newsweekly and business magazines in advertising pages for 1985 and ranked No. 1 in ad revenues among business magazines and sixth among all U.S. magazines. Ad revenue of $169.1 million was down 8.5% on a 15.2% drop in ad pages to 4,214. *Business Week* had gains in both ad pages and revenue in 1984.

McGraw-Hill Book Co., representing $460.2 million in revenues and $67.5 million in operating income, is considered the only nonmedia contribution to McGraw-Hill's total revenues in this special media report.

In 1985, McGraw-Hill completed the corporatewide reorganization begun the year before by creating 21 market focus groups. Rather than center on individual products, the company is positioned to take a multimedia approach in each of its activities.

Information Systems Co., the largest sector in the media group consisting largely of F.W. Dodge and Sweet's divisions—including construction magazines—had revenues of $352.6 million in 1985, up 2.9%, and operating profit of $89.3 million, up 3.1%; the Publications Co., with some 60 magazines, newsletters and newswires, had revenues of $313 million, down 0.7%, and operating profit of $47.8 million, down 17.5%.

The Financial & Business Information Group, created in 1985 in the reorganization and consisting of Standard & Poors Corp. and Financial & Economic Information Co., had revenues of $282.1 million, up 25.9%, and operating profit of $63.8 million, up 27.6%. The Broadcasting Co., made up of four tv stations in major markets, had revenues of $83.3 million, up 1.6%, and operating profit of $27.5 million, down 9% from the prior year.

The company recorded an active year of startups and acquisitions, particularly its Information Systems Co. sector. It started the Byte Information Exchange (BIX), which permits personal computer users to exchange information on-line via their computers, and launched, on a test basis, "Engineering News Record On-Line" electronic marketing service.

The company started a new cable-to-computer news and data service, X*PRESS Information Services, as a general partnership by subsidiaries of McGraw-Hill, Tele-Communications Inc. and Telecrafter Corp. XIS feeds news, information and data from more than 24 information sources around the world directly into subscribers' personal computers.

McGraw-Hill entered into another joint venture with Citibank to provide an integrated global electronic trading, information and financial services marketplace for a range of commodities. Global Electronic Markets Co. is a general partnership.

McGraw-Hill acquired certain assets of Data Decisions from Ziff-Davis Publishing Co. Data Decisions publishes newsletters and loose-leaf reports on computers and communications systems.

The company acquired Numerax, a provider of transportation information and tariff data.

McGraw-Hill's Publishing Co. sector launched *Commercial Space*, a new magazine covering business opportunities in outer space. *Aviation Week & Space Technology* produced McGraw-Hill's first video magazine on the Paris air show.

Australian Computing, a new magazine for business professionals, was started by McGraw-Hill Australia. And the company started *Building Economics*, a monthly aimed at the post-construction market.

There was a large handful of acquisitions as well. The company acquired Money Market Directories Inc., publishers of directories and electronic services to the financial industry. From Bill Communications, it acquired *Industrial Chemical News*, and from International Thomson, COADE, a provider of microcomputer software for process engineers.

Six properties were bought from R.P.W. Publishing Corp., a publisher of newsletters and other information products for the legal profession.

Several newsletters were begun in 1985: "Cogeneration Report," "Inside F.E.R.C.'s Gas Market Report," "Waste-to-Energy Report," "Electronic Chemicals News," "33 Metal Producing Patents Watch" and "McGraw-Hill's Biotechnology Patentwatch."

There was one new newswire: Platt's Olefinscan.

One publication was withdrawn from the depressed computer publication sector—*Popular Computing*—a general interest sister publication to *Byte*.

MEDIA PROPERTIES

Broadcasting

TV: KERO-TV, Bakersfield, Cal.; KGTV, San Diego, Cal.; KMGH-TV, Denver; WRTV, Indianapolis.

Magazines

American Machinist and Automated Manufacturing, Architectural Record, Aviation Week & Space Technology, Building Economics, Business Week, Business Week's Guide to Careers, BYTE, Chemical Engineering, Chemical Week, Coal Age, Commercial Space, Data Communications, Electrical Construction & Maintenance, Electrical Wholesaling, Electrical World, Electronics, Engineering & Mining Journal, Engineering News-Record, Fleet Owner/Big Fleet Edition, Fleet Owner/Small Fleet Edition, Graduating Engineer, Industrial Chemical News, International Management, Modern Plastics, Modern Plastics International, Physician and Sports Medicine, Postgraduate Medicine, Power, Textile World, 33 Metal Producing.

Newsletters

Biotechnology Newswatch, Coal Statistics International, Coal Week, Coal Week International, Cogeneration Report, DRI Healthcare Costs, Electrical Marketing, Electrical Chemical News, E&MJ Mining Activity Digest, Green Markets, Inside Energy With Federal Lands, Inside F.E.R.C., Inside F.E.R.C.'s Gas Market Report, Inside N.R.C., International Construction Week, International Petrochemical Report, Keystone News-Bulletin, Long Term Care Management, McGraw-Hill's Biotechnology Newswatch, McGraw-Hill's Biotechnology Patentwatch, Medical Utilization Review, Medicine and Health, Metals Week, Metalworking Sales Leads/MSL, NuclearFuel, Nucleonics Week, Oil Buyers Guide, Oil Buyers Guide International, Platt's Oil Export/Import Report, Platt's Oilgram News, Platt's Oilgram Price Report, Securities Week, SynFuels, 33 Metal Producing Patents Watch, Washington Health Record, Washington Report on Health Legislation and Regulation, Washington Report on Medicine and Health, Waste-To-Energy Report.

Other media operations

Information Systems Co., Financial & Business Information Group (Standard & Poor's Corp., Financial and Economic Information Co.), newswire services, American Industrial Report Ltd., COADE (microcomputer software), Electronic Markets & Information Systems, GEMCO (global electronic trading company), Nikkei McGraw-Hill (publishing), Money Market Directories, Numerax.

OTHER OPERATIONS

McGraw-Hill Book Co.

RANK

Media General 36

Richmond, Va.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	331	295	12.1
Total sales	579	548	5.6
Net income	33	40	(18.0)

Sales by media	1985	1984	% chg
Newspaper	253	241	5.1
Magazine	11	12	(3.4)
Broadcast	42	35	19.1
Cable	25	8	226.7
Outdoor	—	—	—

Heavy price discounting in the newsprint industry, costs of restructuring its broadcast services division and huge capital outlays for a cable system forced a drop of 18% in earnings at Media General, the first decrease since 1976.

The Richmond, Va.-based company, ranked 36th among U.S. media companies, recorded an increase of 12.1% in over-all media revenues, paced by its newspaper group's 4.9% growth to $253.2 million, although profits declined 8.8% in the division. Media General's newspaper group publishes dailies in Richmond, Va.; Tampa, Fla., and Winston-Salem, N.C., and 35 weeklies in Southern California.

Media General's tv group, with stations in Tampa; Jacksonville, Fla., and Charleston, S.C., showed a 19.1% increase in revenues to $41.7 million, and its cable operation, with systems in Fairfax and Fredericksburg, Va., had $24.5 million in revenues, up from $7.5 million in 1984.

Revenues from magazines and electronic database services were $11.2 million, down slightly from $11.6 million in 1984.

Over-all, revenues from Media General's broadcasting division (cable, tv and ad repping) increased 31.7% in 1985 to $128.7 million, but despite increases in tv and cable revenues, the division ended the year with an operating loss because of the heavy cable expenses and continued losses at Media General Broadcast Services.

For the purposes of this analysis, Advertising Age's media figures do not include ad placement revenues from Media General Broadcasting Services. Its revenues, estimated at $62.4 million in 1985, are up 12% from 1984.

Media General's daily newspapers showed only a 2% revenue increase during 1985, after spectacular 43% and 28% increases in the two preceding years. In Richmond, the chain's lead-

We're on your customer's doorstep every day.

When Central New York consumers open their doors, we're there. We're The Syracuse Newspapers and every day we're in nearly 70% of the households in our four county market. On Sunday we reach nearly 80%.

To reach your Central New York customers, you need The Syracuse Newspapers. We'd like to show you how to deliver your product message to your best customers in Central New York. For information, write: Research & Promotion Dept., The Syracuse Newspapers, Syracuse, N.Y. 13221, or call Carl Sweeney (315)470-2073.

The Syracuse Newspapers can put your favorite people — customers — in touch with your product.

The Syracuse Newspapers
The Post-Standard / Herald American / Herald-Journal
Represented nationally by Newhouse Newspapers

WELCOME
The Post-Standard
Herald American
Herald-Journal

ing *Times-Dispatch* and *News-Leader* added three color presses to help advertising opportunities in a business community strengthened by continuing construction of the $375 million James Center complex, part of a downtown revitalization. The combined daily circulation of the papers dropped 1% to 251,065, although the Sunday *Times-Dispatch* grew 2.2% to 240,182, according to six-month ABC averages ended March 31, 1986.

The *Tampa Tribune* announced a $40 million investment through 1988 to purchase new presses to support an anticipated 65% increase in circulation over the next 15 years. The city's population is expected to increase to 2 million by 1990 and 2.4 million by the year 2000. The *Tribune's* daily circulation rose 1.3% to 228,708, and the Sunday climbed 3.3% to 307,525.

Media General closed the evening *Winston-Salem Sentinel* in early 1985, faced with declining circulation, at a loss of some $900,000. It reallocated its publishing resources to the morning *Journal*, which now has a daily circulation of 91,536, according to six-month ABC reports ended March 31, 1986. Winston-Salem's economy has been relatively stable, the company says.

Media General West was created in 1985 to centralize management of Highlander Publications and Golden West Publishing, two groups of weekly newspapers in Los Angeles and Orange counties in California. Both reported circulation gains in 1985, but the Highlander group reported a loss of revenues because of slower economic growth in the area and greater competition.

And Garden State Newspapers, in which Media General has a 40% interest, bought two New Jersey newspapers—the Paterson *News* and Union City *Dispatch*—from Allbritton Communications for an estimated $50 million to $60 million. Golden State Newspapers bought other newspapers during 1985 in California, Texas, Ohio, Michigan and Washington.

Media General's Sunbelt tv stations will be improving their reach as their local markets grow. The Tampa market currently is 17th, Jacksonville, 62nd, and Charleston, 108th, according to Arbitron areas of dominant influence.

New 2,000-ft. tv transmission towers, to be built in Tampa and Charleston, are expected to strengthen market coverage and revenue potential in those cities' stations.

Media General's Fairfax cable system, which began operation in 1983, will rank as one of the nation's top 10 stand-alone systems when completed next year. The system now serves 100,000 subscribers with 1,900 miles of aerial and underground cable. When completed, more than 3,000 miles of cable will serve some 140,000 customers, generating revenues of more than $55 million a year.

The Fairfax system has 80 active channels, and revenues average $27 per subscriber monthly, second among cable systems in that category.

Nevertheless, with an estimated capital expenditure of $55 million in 1985, the system has yet to break even. "We'll have a positive cash flow in 1987," Media General vp David L. Jordan says. "We're not talking about profitability until 1988."

Media General Broadcast Services continued to rebuild in 1985, recovering slowly from business irregularities and criminal and civil charges against its founder, William B. Tanner, from whom Media General bought the then William T. Tanner Co. in late 1982. Tanner has been convicted of income tax fraud, and civil action against him still is pending as is a $73 million Media General civil suit against an accounting firm for its audit report on the Tanner Co. made before the acquisition.

Media General Broadcast Services obtains broadcast time and print space for advertisers at discount rates, both with cash and barter.

Other media operations at Media General include Media General Financial Services, which provides financial data to trade and business publications, and Cliggott Publishing, which publishes five monthly medical journals, including the *Journal of Critical Illness*, which debuted in 1986. Technical Information Distribution Service produces three publications for the electronics industry, and Media General Business Communications publishes *Virginia Business*, a monthly magazine begun in March, 1986.

Among Media General's nonmedia properties are Beacon Press, a commercial printing concern, and a newsprint operation, which accounts for some 13% of all U.S. newsprint output.

In an October, 1985, management restructuring, J. Stewart Bryan III and James A. Linen IV were elected vps. Mr. Bryan, also vice-chairman, has primary responsibility for daily newspaper and tv operations, with Mr. Linen in charge of newsprint broadcast, magazine and community newspaper operations.

MEDIA PROPERTIES

Broadcasting

TV: WCBD-TV, Charleston, S.C.; WJKS-TV, Jacksonville, Fla.; WXFL, Tampa.

Cable/video

SYSTEMS: VIRGINIA: General Cable-Fredericksburg County, Spotsylvania County, Stafford County; Media General Cable of Fairfax-Fairfax County.

Magazines

Journal of Critical Illness, Virginia Business.

Newspapers (dailies)

FLORIDA: *Tampa Tribune.* NORTH CAROLINA: *Winston-Salem Journal.* VIRGINIA: *News-Leader* (Richmond), *Times-Dispatch* (Richmond).

Newspapers (nondailies)

CALIFORNIA: Highlander Publications, publishing 25 weeklies in the Orange County-Los Angeles area. Golden West Publishing, Mission Viejo, publishing eight papers in the area between Los Angeles and San Diego.

Other media operations

Garden State Newspapers (40% interest), Media General Financial Services, Technical Information Distribution Service.

OTHER OPERATIONS

Beacon Press (commercial printing), Garden State Paper Co. (newsprint manufacturer), Onduline-USA (building materials), Media General Broadcast Services (tv-radio services in five areas: Media placement, special products, broadcast services, tv sports network, travel operations).

Media News Group

RANK
74

Woodbury, N.J.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	150	125	20.0
Total sales	150	125	20.0
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	150	125	20.0
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Media revenues drawn from a spate of newspaper acquisitions have propelled 3-year-old Media News Group onto ADVERTISING AGE's 100 top media companies chart. The latest acquisition, just concluded in May, folded nine new newspaper properties into the Woodbury, N.J.-based company.

Media News Group, which owns 21 small and medium-size dailies, also traded two newspapers and sold another. The company ranks as the 74th largest media company in 1985 with revenues of $150 million, according to the company, which expects the latest acquisitions and increased revenues from existing properties to drive up revenues to $175 million by yearend.

The May 2 purchase included seven from Harte-Hanks Communications of San Antonio, Tex., and two New Jersey newspapers from the Allbritton family.

Newspapers purchased were: Paterson, N.J., *News*; *Dispatch* of Union City, N.J.; *Hamilton* (O.) *Journal-News*; *Yakima* (Wash.) *Herald Republic*; *Big Spring* (Tex.) *Herald*; *Del Rio* (Tex.) *News Herald*; *Huntsville* (Tex.) *Item*; *Marshall* (Tex.) *News Messenger*, and *Ypsilanti* (Mich.) *Press*.

The acquisitions carry an aggregate daily circulation of 186,425, according to six-month ABC averages for the period ended March 31, 1986. That is down about 3% from the corresponding reporting period a year earlier.

As part of the deal, the company traded two New England dailies to Harte-Hanks Communications, the *Daily Transcript* of Dedham, Mass., and the *News-Tribune* of Waltham, Mass. Both are evening papers and part of New England Newspapers Inc. Circulations for both are edging slightly downward in the midst of a lively circulation war between the market's two big combatants—the *Boston Globe* and the *Herald American*.

At the same time of the other actions, Media News Group sold the *Lake County Telegraph* of Painesville, O., to the Horvitz family, owners of the *Lorain Journal*, Lorain, O.

Media News Group is 40% owned by Media General of Richmond, Va. Media General also owns Garden State Newsprint, which sells recycled newsprint to publications, including those owned by Media News Group.

Circulation of Media News Group's newspapers in 1985 (including the acquisitions) dropped about 1% to a 929,710 aggregate, according to composites taken from six-month ABC averages ended March 31, 1986. The group's largest daily is the *North Jersey Herald-News*, Passaic, which had evening circulation of 58,055, down 1.2%, and Sunday circulation of 53,894, down 1.3% for the same reporting period. One of the faster growing papers is the *Daily Review*, Hayward, Cal., with evening circulation of 48,280, up 4.5%, and Sunday circulation of 48,138, up 1.9%.

Media News Group had its beginning in 1983 when William Dean Singleton and Richard Scudder jointly purchased the *Gloucester County Times* in Woodbury, N.J. The Scudder family formerly owned the *Newark Evening News*, which competed with Advance's *Newark Star Ledger*. The evening paper was sold to Media General in 1969, only to fold several years later.

Mr. Scudder is the co-inventor of the newsprint recycling process and the founder of Garden State Newsprint. Mr. Singleton says that in "buying these newspapers, I'm planning for my grandchildren and great-grandchildren." Although the group has purchased many relatively small-circulation dailies, it is not his intent to build circulation, then turn around and sell the publications at a profit, Mr. Singleton says.

The group does spend money as needed to improve the newspapers after purchasing them, he says.

"There's no formula. Every newspaper is different. If the news product is bad, we improve the news. If the previous owner hasn't spent enough on promotion, we spend more. Where the equipment is old-fashioned, we automate."

The group also uses a cluster approach wherever possible by buying newspapers in the same geographic area and combining printing facilities, Mr. Singleton says. The group has done this with its New Jersey newspapers, closing print facilities in Paterson and consolidating production facilities for four newspapers in two plants.

"We came up on the news side," Mr. Singleton says. "We believe in the importance of news. To keep buying newpapers, we have to make money, so we are profit oriented, but not at the expense of news."

What does Mr. Singleton look for in a potential newspaper acquisition? "We look for those that are for sale," he says.

MEDIA PROPERTIES

Newspapers (dailies)

CALIFORNIA: *Argus* (Fremont), *Daily Review* (Hayward), San Ramon Valley Herald (Danville), *Tri-Valley Herald* (Dublin). MASSACHUSETTS: *Daily Transcript* (Dedham), *News-Tribune* (Waltham). MICHIGAN: *Ypsilanti Press.* NEW JERSEY: *Advance* (Dover), *Dispatch*, *Elizabeth Daily Journal*, *Gloucester County Times* (Woodbury), *North Jersey Herald-News* (Passaic), Paterson News (Union City). OHIO: *Ashtabula Star-Beacon*, *Conneaut News Herald*, *Geuga Times Leader* (Chardon), *Hamilton Journal—News*, *Lake County Telegraph* (Painesville), *Today's Sunbeam* (Salem). TEXAS: *Big Spring Herald*, *Del Rio News Herald*, *Huntsville Item*, *Marshal News Messenger*. WASHINGTON: *Yakima Herald Republic.*

Meredith Corp.

RANK
32

Des Moines, Ia.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	356	327	8.9
Total sales	475	451	5.3
Net income	43	38	12.4

Sales by media	1985	1984	% chg
Newspaper	9	9	0.0
Magazine	228	210	8.3
Broadcast	115	104	10.3
Cable	5	4	25.0
Outdoor	—	—	—

Buoyed by revenue growth from its acquisition this fiscal year of *Ladies' Home Journal*, Meredith Corp. in the nine months of its current fiscal year ended March 31, 1986, earned net income of $37.5 million, up 12% from the year-earlier period, while posting total revenues of $391.3 million, a 10.4% gain. But softness in Meredith's main business—magazine publishing—is expected to hamper profit growth in the near future at the company. General weakness in the industry begun in the spring of 1985 has accelerated.

Des Moines, Ia.-based Meredith was the 32nd largest media company based on media revenues of $356.2 million for the fiscal year ended June 30, 1985, up 8.9% from fiscal 1984. Media represent 75% of total revenues at Meredith, which also is involved in real estate, insurance, video and book publishing.

Fiscal 1985, however, brought an 8% increase in magazine ad revenues, to $129.5 million, which represented 27.3% of total corporate revenues. Magazine circulation revenues grew 9%, to nearly $98 million, accounting for 20.6% of the corporate total.

Community newspapers in California generated unchanged revenues of $9 million, while two majority-owned cable operators in Arkansas, Florida, Louisiana and Texas posted $5 million in revenues, up 25%.

Broadcasting revenues, which grew 10% to $114.7 million, come from the company's eight tv stations. Meredith last year sold the Georgia Radio News Service and its two remaining radio properties in Atlanta, shifting its emphasis to the relatively stable tv medium. The $20 million sale was made to a unit of Cincinnati-based Jacor Communications.

But publishing remains the bulwark of Meredith's business, evidenced by the *Ladies' Home Journal* purchase, which makes Meredith the second company to own two of the "Seven Sisters" category of women's service magazines. Hearst Corp., New York, owns *Redbook* and *Good Housekeeping*.

Competition in the category, however, has intensified in recent years, leading Meredith's flagship *Better Homes & Gardens* to join the practice of discounting "off the card." The company expects to increase both titles' ad revenues through joint marketing of the two women's titles, although it likely will retain separate sales forces. *LHJ*, like the earlier acquired *Sail*, is operated as an autonomous, wholly owned subsidiary of Meredith.

Meredith also agreed to acquire *Health* from Family Media for an additional $4 million, but it backed out of the acquisition because company officials said Family Media could not guarantee copyright protection on the magazine's title.

BH&G in calendar 1985 sold 1,363 ad pages, a 9.1% decline, for revenues of $123 million—down 2.3%—makin it by far the single largest contributo to Meredith totals, according to Publishers Information Bureau.

Ladies' Home Journal, while stil owned by Family Media, sold 1,36 pages, a 7.9% increase, for revenues o $77 million, up 15.8%, according t PIB. *BH&G* is the largest circulation women's service magazine, with yearend 1985 average paid total of million; *LHJ* had an average paid circulation of 5.2 million.

Other titles, including *Successfu Farming* and *Farm Computer News* were battered by the agricultura slump. *Metropolitan Home* posted 12.3% ad page loss, to 774, in 1985, bu had unchanged ad revenues of $13. million. *WOOD* and *Country Hom* saw steady growth, with the latte boasting of record issues in early 1986.

Meredith's magazine growth strategy normally consists of a one-sho magazine tryout through the *Bette Homes & Gardens* Special Interes Publications. Nineteen such titles with a combined estimated rate base o 15 million, are published quarterly twice-annually or annually as newsstand-only products. Successful title then are converted into regular subscription magazines; Country Home i the most recent example.

Better Homes & Gardens' Grandparents is the next Special Interest Publication test, slated for January debut a an annual with a rate base of 300,000. The company believes it has found another publishing niche and hopes t address grandparenting concerns, only one segment of editorial material covered by magazines such as *Moder Maturity*.

In May, 1986, Meredith execs confirmed they've given the go-ahead t quarterly or twice-annual publicatio of *Midwest Living*, a regional variatio on *BH&G*. *Midwest Living*, also teste in a subscription mailing under the *Heartland* logo, is modeled after *Sunset* and Time Inc.'s *Southern Living* both successful titles dependent on a strong regional identity among readers. Despite favorable response from the subscription test, some publishing execs privately expressed concern tha midwesterners are a less cohesive group and therefore a less accessible audience.

Regional efforts are not new t Meredith, however. It participates i City Home Publishing, a 50%-owne joint venture that publishes *Dalla Home & Garden* and *Houston Home Garden*. Company execs have said expansion to other markets depends o results of the Texas efforts. Internationally, a Meredith subsidiary owns 50% of an Australian *BH&G*.

Among significant personne changes this year, Jack Rehm move to the new post of exec vp-corporat relations from president, publishing group. Mr. Rehm now has authority for all magazine and book publishing operations, including *LHJ*. James Autry moved to the new post of president, magazine group, from senior vp general manager, publishing group Fred Stines moved to the new post o president, book group, from senior vp publishing group. Messrs. Autry and Stines report to Mr. Rehm. Also Christopher Lehman joined Meredith in the new post of vp-operations, moving from president-chief operating officer, Venture Magazine Inc.

MEDIA PROPERTIES

Broadcasting

TV: KPHO-TV, Phoenix, Ariz.; KSEE Fresno, Cal.; WOFL, Orlando, Fla. WNEM-TV, Bay City, Mich.; KCTV, Kansas City, Mo.; WTVH, Syracuse, N.Y. WPGH-TV, Pittsburgh; KVVU-TV, Henderson/Las Vegas, Nev.

Cable/video

SYSTEMS: TEXAS: Star CATV Investmen Corp. (81% owned by Meredith) operate 112 systems in Texas, Louisiana and Arkansas. FLORIDA: Planned Cable System Corp. (67% owned by Meredith), cable t services in planned unit developments.

Magazines

Better Homes & Gardens (including 16 Special Interest Publications), *Country Home Dallas-Fort Worth Home & Gardens*, *Farm Computer News*, *Houston Home & Garden Metropolitan Home*, *Ladies' Home Journal SAIL*, *Successful Farming*, *WOOD*.

Newspapers (nondailies)

CALIFORNIA: Los Angeles area—*City News, City Press, Griffith Park News, Hollywood Independent, Los Feliz Hills News, Northwest Leader, Parkside Journal, West Hollywood Sun Living, Westlake Post, Wilshire Independent, Wilshire Press*; San Jose area—*Campbell Press, Cupertino Courier, East San Jose Sun, Los Altos Town Crier, Los Gatos Times Observer, Milpitas Post, Mountain View Sun, Santa Clara Sun, Saratoga News, Sunnyvale Scribe.*

OTHER OPERATIONS

Wholly owned subsidiaries—*Better Homes & Gardens* Real Estate Service; *Better Homes & Gardens* Insurance Agency Inc.; *Better Homes & Gardens* Securities Inc.; Meredith International Ltd.; Meredith Relocation Corp.; Meredith Mortgage Corp. (subsidiary of Meredith Relocation Corp.); Meredith Video Publishing Corp.; MerPrint Company; Sail Publications.

RANK

Morris Communications 40

Augusta, Ga.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	284	219	29.9
Total sales	284	218	30.5
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	231	218	6.0
Magazine	1	1	11.1
Broadcast	—	—	—
Cable	—	—	—
Outdoor	52	—	—

Diversification, expansion into outdoor and innovation at Morris Communications Corp. pushed up media revenues 30% over 1984 levels, ranking MCC the 40th largest U.S. media company in 1985.

Headquartered in golfers' mecca, Augusta, Ga., Morris was a family-owned newspaper business that diversified into commercial printing, computer services and, most recently, outdoor advertising.

What started as a newspaper chain in medium-size Georgia cities is now a communications complex with a growing presence in the Southeast, Midwest, Texas, California and Alaska. Heading MCC are chairman-ceo, William Morris III, and president, Paul Simon.

Morris Communications' biggest development in 1985 was its acquisition of Naegele Outdoor Advertising Cos., Minneapolis. Naegele Outdoor's annual revenues were an estimated 104.7 million in 1985, half of which were folded into Morris returns because of the July purchase date. Naegele covers about 400 cities in 20 states with more than 30,000 poster panels. t ranks behind Patrick Media Group Foster & Kleiser), Gannett Outdoor, M National Advertising and Winston Network in total out-of-home revenues.

MCC's acquisition of Naegele is similar to moves taken by other newspaper chains, such as Donrey Media Group and Park Communications, which also have direct or related interests in outdoor.

For its basic newspaper business, 985 performance was about on par with the pr[illegible] year. A Morris spokesman s[illegible]mpany is confident about it[illegible]ing performance because population is growing in our markets. They're all strong." Comparing combined average circulation of the 14 Morris dailies for the year, the 985 daily total was off less than 1%, easing to 546,526 from 549,399 in 984. The Sunday combined average or 1985 also was down less than 1%, o 560,030 in 1985 from 564,623 in 984.

In Morris' biggest newspaper market, Jacksonville, Fla., six-month ABC averages for the period ended March 1, 1986, show combined circulation of the seven-day morning *Florida Times-Union* and evening *Jacksonville Journal* of 204,798, slightly up over the corresponding period in 1985. Sunday's *Times-Union* 1985 average five-day morning *Chronicle* and five-day evening *Herald* rose to 81,341 from 79,414. Average 1985 circulation for the Sunday *Chronicle-Herald* inched up a fraction, to 85,781 from 85,221.

Morris' third market, Savannah, Ga., has two dailies, the morning *News* and evening *Press*, with 1985 total averages of 76,677, down from 77,099. The Sunday *News-Press* circulated an average 74,213 compared with 73,532 in the year-earlier period.

Two other papers in the Jacksonville area that Morris acquired from transport giant CSX Corp. in its 1982 deal for the *Times-Union* and *Journal* are its second smallest daily, the *St. Augustine Record*, and its largest weekly, the *Putnam County Courier-Journal*. The smallest daily in the MCC chain is the *Juneau Empire*, the only daily in Alaska's capital. Its circulation average for 1985 fell about 2%, to 7,685.

In Texas the Morris papers also had a relatively flat year. Combined average daily circulation in Amarillo, with the morning *Daily News* and evening *Globe-Times*, was off 2.6% to 72,282. The Sunday *News-Globe* dropped slightly to 77,721.

The combined loss of 1.4% to 72,047 was recorded at the *Lubbock* (Tex.) *Avalanche Journal* and the *Evening Journal*. The Sunday *Avalanche Journal* circulation fell 5.1% to 77,538.

As in the Jacksonville area, with its *St. Augustine Record* and *Putnam County Courier-Journal*, Morris [illegible]ters several smaller papers in the Athens, Ga., area. These include the twice-weekly *Elberton Star-Beacon*; the weekly *News Leader* in Royston, Ga., and the weekly *Hartwell* (Ga.) *Sun*. In the Hilton Head, S.C., resort area, Morris publishes another weekly, the *Hilton Head News*, circulating about 7,100.

The single special-interest Morris publication is Quarter Horse News, a fortnightly tabloid out of Fort Worth, Tex., for those who raise, ride and deal in that breed. Chairman/ceo William S. Morris III is a horsebreeder and owner. "Advertiser interest in the tabloid is good," a Morris spokesman says. Circulation has topped 8,000.

Capitalizing on its graphic arts know-how and on the advertising opportunities of its newspaper chain, MCC turns out large volumes of advertising supplements and inserts at three regional plants. St. Johns Publishing Co. is based at the *St. Augustine* (Fla.) *Record* plant, while Hartwell Publications, Hartwell, Ga., and Southwestern Publications, Amarillo, Tex., operate in conjunction with the Morris papers in those communities. Reproduction is color and black-and-white offset lithography on newsprint, both sheet-fed and web, for local customers and also national, such as K mart Corp. and Sears, Roebuck & Co. Also, the plants produce other advertising materials plus telephone books and textbooks.

Another Morris communications system is its Compudat, which makes use of its companywide computer linkage to supply electronic data processing services to commercial, agricultural and government customers in the Southeast, Texas and Alaska.

In the same vein as its combinations of daily and weekly newspapers in the same areas and its close-coupled commercial printing operations, Morris' acquisition of Naegele Outdoor could be seen as a further step toward maximizing revenue from some of its present marketing areas plus expanding into many new areas, but some observers may differ in this interpretation. "This was strictly a media purchase," says Gordon Asch, co-owner of Asch Advertising, a Manhattan outdoor specialist agency. "They may have some common clients [but] I expect that they will operate it entirely separately from their newspapers, like Gannett. It can be seen as an investment in media."

Naegele's major competitor is 3M National Advertising Co., Bedford Park, Ill., a unit of Minnesota Mining & Manufacturing, St. Paul. The 3M unit had concluded a buyout agreement with Naegele in October, 1984, for acquisition Jan. 1, 1985. But a Dec. 28, 1984, U.S. Justice Department opinion saying the acquisition potentially would violate provisions of the Clayton Act, which regulates business activities that would result in reduced competition, forced 3M to call off signing a definitive agreement.

Naegele was purchased July 18, 1985, by Morris in a transaction arranged by Chase Manhattan Capital Markets Corp. through a consortium of 10 U.S. and European banks. The purchase price was not disclosed, but was estimated to be about $400 million, industry sources say. Gannett USA, Arlington, Va., also made a bid for Naegele.

Richard F. Condon continues as Naegele's president, remaining in Minneapolis, the company's longtime home base. The headquarters was moved to Augusta and the name changed to Naegele Outdoor Advertising Co. Inc. Mr. Condon, 65, says his retirement plans are uncertain. He has been either exec vp or president for 25 years. Richard Marlowe, formerly assistant to Mr. Condon, has been named the new president.

Naegele continued to grow in 1986 with the acquisition in April, 1986, of St. Paul-based Hubbard Broadcasting's Farvue Outdoor Advertising. City markets for Naegele are primarily in the Southeast: Asheville, Fayetteville, Gastonia, Jacksonville, Kingston, Raleigh-Durham, Greensboro-Winston-Salem-High Point, Wilmington, all in North Carolina, Greenville and Spartanburg, S.C., Columbus, Ga., Jacksonville, Fla., Louisville and Owensboro, Ky., Memphis, New Orleans, Des Moines, Evansville and Indianapolis, Ind., Minneapolis, Youngstown, O., and Palm Springs, Cal.

In other new developments at Morris:

- Plant expansion is under way. At Juneau, Alaska, a new *Empire* newspaper plant should be completed by the end of 1986. For the Athens, Ga. *News* and *Banner-Herald*, Morris announced plans in April, 1986, for a new state-of-the-art plant that should take three years to complete.
- Morris has developed a multifunctional editing and composition program compatible with the IBM PC.
- In a continuing drive for editorial quality, the company has developed its writing coach program for sending skilled editorial specialists to all its papers where they act as visiting consultants. MCC also provides scholarships to the University of Georgia's Grady School of Journalism and Mass Communication.

MEDIA PROPERTIES

Newspapers (dailies)

ALASKA: *Juneau Empire*. FLORIDA: *Florida Times-Union* (Jacksonville), *Jacksonville Journal*, *St. Augustine Record*. GEORGIA: *Athens Banner Herald*, *Athens Daily News*, *Augusta Chronicle*, *Augusta Herald*, *Savannah Evening Press*, *Savannah Morning News*. TEXAS: *Amarillo Daily News*, *Amarillo Globe-Times*, *Lubbock Avalanche Journal*, *Lubbock Evening Journal*.

Newspapers (nondailies)

FLORIDA: *Putnam County Courier Journal* (Crescent City). GEORGIA: *Elberton Star*, *Hartwell Sun*, *News-Leader* (Royston). SOUTH CAROLINA: *Hilton Head News*. TEXAS: *Quarter Horse News*.

Other media operations

Naegele Outdoor Advertising Co.

OTHER OPERATIONS

Hartwell Publications, Southwestern Publications, St. Johns Publishing Co.

RANK

Multimedia Inc. 33

Greenville, S.C.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	336	304	10.5
Total sales	336	304	10.5
Net income	22	34	(35.9)

Sales by media	1985	1984	% chg
Newspaper	109	103	5.9
Magazine	—	—	—
Broadcast	153	135	13.5
Cable	74	66	12.1
Outdoor	—	—	—

The bottom line at Multimedia Inc. was adversely affected as the Greenville, S.C.-based company assumed heavy debt to stave off repeated attempts by outsiders to take over in 1985. As a result, earnings declined 36% as revenues increased 10.5%.

Multimedia, ranked 33rd among media companies, recapitalized amid the pressures to merge by borrowing $625 million and issuing $480 million in debentures.

The recapitalization, completed Oct. 1, in corporate language "preserved integrity of the company, benefited our shareholder's cash position, and created a significant opportunity for long-term capital appreciation." In layman's terms, it was a tool to hold the raiders at bay.

Multimedia, whose business is all media, publishes 14 daily and 29 nondaily newspapers, operates five tv and eight radio stations; runs 100 cable tv franchises, and produces and syndicates tv productions, including "Donahue" and "The Sally Jessy Raphael Show."

The takeover attempts began in 1984 with a stock offer by management and four families who founded

'WSJ' seeks to plug 'drain'

Circulation continued to slip at the *Wall Street Journal* despite a $5 million tv ad campaign last April targeted

Find the Triangle in this Picture
ALBUM
SCm

Whether you're looking for the perfect test market or one of the most liveable places in the country for your product or service, North Carolina's Research Triangle newspapers provide the best picture for profitability.

The News and Observer
The Raleigh Times
Durham Morning Herald

With one rate, one bill via
Branham.

Multimedia in 1968. Subsequently, the company turned down a $1 billion offer from Wesray Capital Corp., Morristown, N.J., an investment headed by former Treasury Secretary William E. Simon; a $1.05 billion offer from Lorimar Productions, Culver City, Cal., and several offers by Jack Kent Cooke, owner of the Washington Redskins, who had purchased 9.7% of Multimedia stock and sought a controlling interest.

Last July, Mr. Cooke agreed to Multimedia's offer to purchase his stock for a handsome profit, in return for which he dropped his bid to acquire the company and agreed not to pursue several lawsuits in both federal and state courts over Multimedia's tactics in fighting the takeover attempt.

The deal cleared the way for the recapitalization, approved by more than 85% of the outstanding shares at a stockholders' meeting Sept. 20, 1985. Under the recapitalization, stockholders received cash, a share of the debenture and a partial share of the stock of the recapitalized company. Through this procedure, Multimedia drew in 16.7 million old shares and issued 11 million new ones. While the old Multimedia stock sold as high as $64.12 a share, the recapitalized stock initially sold at 19% and had risen to 35% by the end of April.

The recapitalization plan also contained several "shark repellent" and "poison pill" provisions to make any future takeover attempt of Multimedia far more difficult.

But the cost of recapitalization was an increase in the company's long-term debt from some $80 million to more than $1 billion. In the short term, that means a corporate projection that Multimedia will lose $19.2 million this year and $3.3 million in 1987.

But in the long run, says Robert E. Hamby Jr., vp-finance, The company will profit. Investment analysts and institutional investors, he says, look more at a corporation's cash flow than at its debt, making Multimedia an attractive investment property. Multimedia projects net cash flow to increase from $117.4 million in 1985 to $363.8 million in 1995, when the bank debt will be retired. Corporate sales are projected to increase from $336.3 million in 1985 to $984.1 million in 1995.

Recapitalization aside, 1985 was a good year for all four operating divisions of Multimedia. Newspapers, broadcasting, cablevision and entertainment reported record revenues.

With revenues of $109.1 million, the newspaper division improved profits despite a soft industrywide advertising picture through most of the year. Company officials say advertising increased in the last quarter of the year, however, and that the trend should carry over through 1986.

A new Multimedia daily was established in 1985 when the *Baxter Bulletin*, Mountain Home, Ark., moved from a three-day-a-week publication to six days. The Ozarks resort area in which the paper is located is one of the fastest growing in Arkansas, doubling in population in the 1970s.

The *Staunton News-Leader*, Staunton, Va., added a Sunday paper. It also changed its afternoon format to morning publication, as did Multimedia's *Moultrie* (Ga.) *Observer*.

A mid-1986 completion is planned for a $10 million press and suburban distribution facility at the *Asheville* (N.C.) *Citizen-Times*, and ACCU-CAST, a total market coverage program, was initiated at Multimedia's publications in Asheville and Greenville and Spartansburg, S.C.

Big things are forecast by Multimedia for its dozen-odd publications near Nashville with the announcement by General Motors that it will build its new $5 billion Saturn auto assembly plant nearby, stimulating the local economy.

Multimedia's broadcasting division showed a 12% increase in revenues during 1986, to $107 million. Four of TV in Macon, Ga.—are network affiliated and led ratings in their viewing areas. The fifth, WZTV in Nashville, is the company's only independent tv station.

During 1985, Multimedia sold four radio stations—KAAY and KLPQ-FM, Little Rock, Ark., and WAKY and WVEZ-FM, Louisville, Ky.—for $7 million, eliminating properties that had been performing poorly. The remaining eight—in Asheville, Macon, Milwaukee and Shreveport—had high ratings in 1985 and, says James T. Lynagh, president of Multimedia Broadcasting Co., "will continue to be trim, muscular and productive."

Multimedia's cablevision division operates 100 cable systems in Kansas, Oklahoma, Illinois and North Carolina, increasing subscribers 12,000 during 1985 to 375,000, making Multimedia the country's 30th largest cable operator. Revenue increased 12% to $74 million in 1985, during which Multimedia completed construction of its last pending cable franchise—the Villa Park, Ill., system. Both the Greenville and Rocky Mount, N.C., systems were converted to addressability (through which a cable office can change a customer's service from the office, without dispatching a truck and driver) in 1985.

Multimedia's syndication activities provided $46.2 million in revenues in 1985. The year saw the move of the popular and highly rated "Donahue" show—now in its 19th year—from Chicago to New York's Rockefeller Plaza. Multimedia Entertainment also completed its first year in a new home base at Rockefeller Plaza.

The daily "Sally Jessy Raphael" program grew from 20 markets in 1984 to 70 by the end of the year; "Donahue" to 217 markets. Multimedia Entertainment also produces "Young People's Specials," "America Comes Alive," and "The Now Music City USA," as well as other special tv programing. In 1985, the division began Multimedia Productions, audio and video production companies that produce commercials and trade films.

A new syndicated game show—the working title is "TV Game Show"—debuted with a pilot in 1985, but reportedly to an unenthusiastic reception, and no decision has been made as to further production. Multimedia Entertainment president Mike Weinblatt says the division is planning a late-night comedy show during 1986, as well as several prime-time situation comedies. In major corporate moves in 1985, the board of directors elected Mr. Hamby as vp-finance; Elizabeth S. Mills as vp-corporate communications, and Thomas L. Magaha as controller.

MEDIA PROPERTIES

Broadcasting

TV: KSDK, St. Louis; WLWT, Cincinnati; WZTV, Nashville, Tenn.; WBIR-TV, Knoxville, Tenn.; WMAZ-TV, Macon, Ga.

RADIO: KEEL, KMBQ (fm), Shreveport, La.; WMAZ (am, fm), Macon, Ga; WWNC, Asheville, N.C.; WFBC (am, fm), Greenville/Spartanburg, S.C.; WEZW (fm), Milwaukee.

Cable/video

SYSTEMS: ILLINOIS: Alsip/Worth, Batavia, Chicago Ridge, Evergreen Park, Harvey, Hometown, Lisle, Markham, Oak Forest, Oak Lawn, Phoenix, Kane County, Four Lakes, South Holland, Villa Park. KANSAS: Bel Aire, Colonial Mobile Home Park, Crestview/Shadybrook, East Borough, Herington, Kechi, Lyons, McConnell Air Force Base, McPherson, Medicine Lodge, Oaklawn, Park City, Rolling Hills, Sedgwick County, Springdale/Timberlakes, Wichita. NORTH CAROLINA: Ayden, Battleboro, Beaufort County, Bethel, Bridgeton, Clinton, Chocowinity, Craven County, Edgecombe County, Enfield, Greenville, Kinston, La Grange, Lenoir County, Martin County, Nash County, Nashville, New Bern, Parmele/Bethel, Pitt, River Bend, Robersonville, Rocky Mount, Sampson County, Scottland Neck, Sharpsburg, Tarboro, Trent Woods, Vanceboro, Walnut Creek, Washington, Wayne County, Winterville, Wingate. OKLAHOMA: Bethany, Bixby, Chickasha, Cresent, Cushing, Del City, Edmond, El Reno, Erin Springs, Guthrie, Lindsay,

Newspapers (dailies)

ALABAMA: *Advertiser* (Montgomery), *Alabama Journal* (Montgomery). ARKANSAS: *Baxter Bulletin* (Mountain Home). FLORIDA: *News Chief* (Winter Haven). GEORGIA: *Moultrie Observer*. NORTH CAROLINA: *Asheville Citizen*, *Asheville Times*. OHIO: *Gallipolis Daily Tribune*, *Daily Sentinel* (Pomeroy). SOUTH CAROLINA: *Greenville News*, *Greenville Piedmont*. TENNESSEE: *Leaf-Chronicle* (Clarksville). VIRGINIA: *Daily News Leader* (Staunton). WEST VIRGINIA: *Point Pleasant Register*.

Newspapers (nondailies)

ALABAMA: *Progress* (Prattville), *Review*, *Bonus*. ARKANSAS: *Twin Lakes Shopper* (Mountain Home). FLORIDA: *Auburndale Star*, *Orange Shopper*, *TV & Shopping Guide*. GEORGIA: *Weekly Moultrie Observer*. NORTH CAROLINA: *Asheville Citizen and Asheville Times North*, *Asheville Citizen and Asheville Times South*, *Asheville Citizen and Asheville Times East*, *Asheville Citizen and Asheville Times West*. OHIO: Tri-County News (Gallipolis). SOUTH CAROLINA: *County Fair* (Greenville), *Market Source*, *The Paper* (Spartanburg). TENNESSEE: *Ashland City Times*, *Cheatham County Money-Saver*, *Clarksville Money Saver*, *Dickson County Money-Saver*, *Dickson Herald*, *Humphreys County Money-Saver*, *Nashville Record*, *News-Examiner* (Gallatin), *Stewart-Houston Times* (Dover-Erin), *Music City News*, *Star News* (Hendersonville), *Rural Examiner* (Gallatin). VIRGINIA: *Augusta County Weekly* (Staunton).

OTHER OPERATIONS

Program productions: "Donahue," "Sally Jessy Raphael," "Country Comes Alive," "Young People's Specials," "The New Music City USA," Multimedia Productions.

National Enquirer

RANK **71**

Lantana, Fla.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	159	147	8.2
Total sales	159	147	8.2
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	159	147	8.2
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Mutual Radio's Jim Bohannon no longer uses the *National Enquirer* as fodder for his weekly "Sleaze Report," a compilation of hard-to-believe stories culled from papers usually found at supermarket checkout counters. The paper's new-found respectability has brought it more readers than a year ago and a slew of advertising from some of the giants in the consumer product field.

The Lantana, Fla.-based National Enquirer, the 71st largest media company in the U.S., reports revenues of $159 million, solely derived from the *National Enquirer* and the 6-year-old *Weekly World News*. The revenues are up about 8.2% from $147 million in 1984.

According to ABC, the *Enquirer's* six-month circulation average for the period ended Dec. 31, 1985, was 4,552,047, up 3.2%. *Weekly World News*, a digest of global news, features and brights, boasted a circulation gain of 13% to 1,047,629. Its price is up 5 cents, to 55 cents, while the *Enquirer* is 65 cents.

Publisher James Martise reports that revenues were up in 1985 despite a small decline in advertising sales.

Mr. Martise reports a drop of four pages in advertising in 1985, largely attributable to a 30-page fall in tobacco ads. But he says the number of advertisers of such package goods as food, household products, toiletries and medical products is up some 28% over the year before.

Mr. Martise says advertisers have seen the editorial content of the papers, and now they have what he calls a "comfort factor."

This factor has brought in such companies as Kraft, Procter & Gamble, Campbell Soup Co. and Coty toiletries. Mr. Martise says there is "editorial compatibility" between the features food stories in every issue.

The papers also serve a readership Mr. Martise thinks is served by no other publications, including the women's service magazines. He says those magazines cater to a college-educated, professional woman, whereas the *Enquirer* and *Weekly World News* are geared more to a high-school graduate with clerical or secretarial skills. Mr. Martise calls this a market of "unduplicated women."

To sell itself in a market increasingly full of news and entertainment publications, the *Enquirer* has cut back on celebrity stories, devoting only 30% to 35% of its space to them. The rest is service and human interest oriented.

The *Enquirer* has no plans to change this mix. The company is continuing to rely on trade publication ads and promotional mailings to attact more national advertising. It has cut back slightly on media spending to lure more readers.

The *Enquirer* and *Weekly World News* spent about 9% less in 1985 than the previous year on tv spots, according to Leading National Advertisers, a service that monitors seven media. The $11.6 million *Enquirer* budget for tv in 1985 contrasts with a $16 million outlay the year earlier. On the other hand, *Weekly World News* ad spending jumped from less than $100,000 to $2.3 million last year.

To enhance its respectability, the *Enquirer* has forged links with such medical organizations as the Arthritis Foundation, the American Heart Assn. and the American Cancer Society. "We work with them hand in hand," Mr. Martise says, noting the groups check *Enquirer* stories for accuracy.

The paper is not above blowing its own horn when it scores a scoop. On page two of one issue this spring, the headline read "You Read It Here First . . ." and the story trumpeted that a new study had found what the *Enquirer* told its readers four years ago: Olive oil can reduce the risk of heart disease. The *Enquirer* piece noted the Associated Press finally picked up the story—four years after the *Enquirer* ran it.

The *Enquirer* says many of its readers are self-medicated, getting their health tips from such pieces as the olive oil story and a spate of ads for everything from denture plaque remover to grapefruit pills to lose weight.

The *Enquirer* also works with the Rochester, N.Y.-based Council of Adoptive Parents, featuring articles on hard-to-place children. According to Mr. Martise, these stories have led to the adoption of 163 children. They are either handicapped or from underprivileged backgrounds.

Nationally known ministers such as Robert Sculler and Billy Graham also continue to write regularly for the *Enquirer*.

Mr. Martise thinks the *Enquirer* and *Weekly World News* are well-positioned to keep their major advertisers and continue to build circulation. "The market of the *Enquirer*," he says, "is very much the market of Middle America."

MEDIA PROPERTIES

Newspapers (nondailies)

National Enquirer, *Weekly World News*.

National Geographic Society

RANK **51**

Washington

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	220	213	3.3
Total sales	356	327	9.1
Net income	22	17	33.3

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	220	213	3.3
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

with its expensive, 2-year-old startup, *National Geographic Traveler*, nearly emerging in the black. The society saw earnings from media operations grow to $3.8 million, after a $2 million loss in 1984.

Improvements were abundant in all areas for the nation's 51st largest media company. *National Geographic* saw circulation and ad revenues rise. The monthly magazine had 1985 ad revenues of $35.4 million, up 18% from 1984. It raised prices for color pages by 6.4% and at the same time dropped the rate base to 8.2 million from 8.4 million. Ad pages grew to 301, an increase of 12 pages, in 1985.

The *National Geographic Traveler* continues to have its problems. Although ad revenue in 1985 rose 33% to $3.6 million, ad pages and circulation dropped. Society officials say the *Traveler* nearly made it into the black, but couldn't predict whether the magazine would break even in 1986.

This year the *Geographic* shows no sign of vitality, with a flat first half and few prospects of improvement for the rest of 1986.

"I don't know where the year's going," says George Moffat, the society's ad vp. "We'll be lucky if we end up even with last year."

The *Geographic*, however, is seeing upward movement in its circulation and increased its rate base this year to 8.25 million. It expects international circulation to grow to 10.8 million by the end of 1986, from 10.5 million in 1985.

Circulation is strong because annual membership dues have remained at $15 since 1983, says Cletis Pride, vp-promotional and education services. Those stable prices give the *Geographic* an 86% renewal rate. Dues may be raised next year, however, Mr. Pride says.

The *Geographic* has had few changes in its advertising operation this year. Mr. Moffat may launch an affluent edition in 1987, which would allow advertisers to reach the magazine's higher income readers. The affluent edition would be a departure for the *Geographic*, which has offered only regional buys for the past several years.

In 1982, Mr. Moffat introduced the "Big G" edition to attract advertisers that only want to reach readers in top markets. Last year Mr. Moffat trimmed Big G's reach to 25 markets, down from 35, to keep the rate base at a manageable 4.25 million.

Big G, Mr. Moffat says, "is holding its own," but last year was down in pages slightly. Big G allows advertisers to buy space at slightly more than half the cost of a regular *Geographic* page. A one-time 4-color page ad insertion costs $117,715 in the *Geographic*.

A new regional buy this year is the U.K., with a circulation of 185,000. The edition hasn't caught on yet, Mr. Moffat says, and may be killed if it doesn't show signs of life by year's end.

The international sales force was reorganized last year. Michele Boutin was named international sales director, a new position, from European sales director. The society expanded its sales offices to London, Duesseldorf, Madrid, Sydney and Hong Kong.

Geographic's advertising will continue to be mostly separate from editorial matter. Over the past four years, Mr. Moffat has eased some copy, such as columns and letters to the editor, into the advertising section. No further mixing is likely, he says.

While the *Geographic* doesn't plan to repeat its highly popular but costly hologram cover this year, it will include a special scent-strip test in an issue this fall to accompany an article on smells.

The society this year spent $700,000 to promote the *Geographic* with a trade campaign. For the first time, the magazine also bought six weeks of radio time in Detroit to appeal to car advertisers, the *Geographic's* largest category. McCaffery & Ratner, New York, handles in 1984.

Mr. Moffat says *Traveler* will carry about 40 ad pages in each issue this year. *Traveler's* circulation has dropped 9% to 915,000. The society intends to continue selling *Traveler* only to existing *Geographic* readers, says Mr. Pride.

The society also publishes "National Geographic Research," a scholarly quarterly launched in January, 1985. The $40-a-year publication has a circulation of 5,000 and does not carry advertising.

"National Geographic World," geared to children between the ages of 8 and 13, continues with a circulation of 1.5 million. It also accepts no advertising.

The National Geographic society has become more aggressive in developing programing for cable and public tv. This year it launched a series of two-hour weekly specials for superstation WTBS, Atlanta. It also continues the "National Geographic Explorer" series, appearing on public tv stations four times a year. In the planning stage is a children's series, likely to be ready in late 1987.

In April the society began distributing videocassettes of its "Explorer" and other specials to retail outlets. The cassettes sell for $29.95.

MEDIA PROPERTIES
Magazines

National Geographic, "National Geographic Research," *National Geographic Traveler*, "National Geographic World."

News America Publishing

RANK **21**

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	584	440	[illegible]
Total sales	636	463	[illegible]
Net income	N/A	N/A	[illegible]

Sales by media	1985	1984	% chg
Newspaper	435	407	6.9
Magazine	149	33	352.1
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

One of the most active acquisition years ever for News America Publishing, New York, the 21st largest media company, was not reflected in the financial results of its most current fiscal year, ended June 30, 1985.

The subsidiary of News Group Ltd., Sydney, Australia, a company 46% owned by chairman-ceo Rupert Murdoch and his family, during calender 1985, bought half of Twentieth Century-Fox in March for $250 million, then bought the other half from Denver oilman Marvin Davis in September for $325 million.

With Mr. Davis, Mr. Murdoch agreed to buy six of Metromedia Inc.'s seven tv stations for $1.55 billion in cash and the assumption of debt. The stations became the hub of a new network.

Metromedia sold the seventh station, WCVB-TV, Boston, to Hearst Corp. for $450 million.

But Mr. Davis, alarmed over the debt to be assumed in the deal, pulled out, and Mr. Murdoch went it alone. An Austrialian citizen by birth, he became a naturalized American citizen in a matter of months in order to comply with FCC rules barring more than 25% foreign ownership of broadcast outlets.

In May, just after the Metromedia deal was announced, Mr. Murdoch sold for $55 million the *Village Voice*, an alternative weekly newspaper in New York. The buyer was Leonard Stern, head of Hartz Mountain, the pet products company.

In between all the acquisitions, News America launched *Elle*, an English-language version of the French women's fashion and life-style weekly published jointly with Edi Sept Inc. It revamped the national *Star* to make it more attractive to advertisers and created a flap in the Vatican by announcing plans to begin syndication of a newspaper column called "Selected Observations of Pope John Paul II," a column culled from the writings of the vicar of the Roman Catholic Church. The flap resulted over erroneous news reports that the column would be penned by the Pope himself.

And, finally, Mr. Murdoch succeeded in obtaining a two-year waiver of the FCC requirements that he sell the *New York Post* and *Chicago Sun-Times* to comply with its prohibition on cross-ownership of media properties in a single market.

News America launched Fox network in May, 1986, with original programing slated to begin in March, 1987, with the feeding of multihour movie blocks to affiliated stations on weekends. Key to Fox network are the former Metromedia stations now falling under the Fox Broadcasting Co. banner: WNYW-TV (formerly WNEW-TV) in New York, KTTV in Los Angeles, WFLD-TV in Chicago, WTTG in Washington, KDAF-TV in Dallas-Fort Worth (formerly KRLD-TV) and KRIV-TV in Houston. They generated about $350 million in revenues in 1985 while under Metromedia ownership.

The stations have the capacity to cover 21% of all American households when combined with the production abilities and film library of Twentieth Century-Fox.

A month after its launch, the network picked up 18 affiliates from seven group owners and San Diego's XETV.

Group owners and the cities representing their participating independents include Meredith (Orlando, Pittsburgh and Las Vegas); Malrite Communications (West Palm Beach, Jacksonville, Cincinnati, Rochester, N.Y.); Outlet Communications (Atlanta and Indianapolis); Scripps-Howard Broadcasting (Kansas City); Cox Communications (San Francisco, St. Louis and Detroit); Taft Broadcasting (Miami and Philadelphia), and Hubbard Broadcasting (Tampa). In Phoenix, either the independent station owned by Scripps Howard or Malrite will be signed on.

Among News America's U.S. newspaper holdings, the *New York Post* continues to lose about $10 million a year, analysts believe.

The *Post*, expected to be put up for sale to comply with the FCC cross-ownership rules, is not likely to fetch a high price if it can be sold at all. ABC reports six-month daily circulation averages ended March 31, 1986, of 751,798, a drop of nearly 150,000 from the report of the similar period in 1985.

Circulation of the *Chicago Sun-Times* remained relatively stable at 631,808, down 1.2%, and Sunday, 663,616, down 4%. The *Boston Herald* gained circulation in 1985 but lost roughly 10,000 to 358,725 as of the March 31, 1986, ABC report. Nevertheless, the newspaper's publisher says the newspaper is about to break even. The *San Antonio Express-News* circulation remained relatively stable at 168,098 daily, up 1%.

In the Murdoch Magazines group, the 14 business publications acquired from Ziff-Davis in January, 1985, for $350 million are believed to be progressing satisfactorily. *Elle* is raising its rate base and is being considered a strong success. *New York* ended calendar 1985 with a 5.5% increase in ad pages to 3,151 and a healthy increase in ad revenues of 12.3% to $34.1 million.

The *Star's* profits were dampened by the redesign and the raising of the cover price from 50 cents to 69 cents. *New Woman* ended the year with a 20.4% increase in ad pages to 679 and a 44% increase in advertising revenues to $10 million.

MEDIA PROPERTIES
Broadcast

TV: WFLD, Chicago; KDAF-TV (formerly KRLD-TV), Dallas-Fort Worth; KRIV, Houston; KTTV, Los Angeles; WNYW (formerly WNEW), New York; WTTG, Washington.

Magazines

A/C Flyer, Aerospace Daily, Aviation Daily, Business & Commercial Aviation, Hotel & Travel Index, Meetings & Conventions, New Woman, New York, Official Hotel & Resort Guide, Official Meeting Facilities Guide, Star, Travel Weekly, Weekly of Business Aviation, World Aviation Digest, World Travel Digest.

Newspapers (daily)

ILLINOIS: *Chicago Sun-Times*. MASSACHUSETTS: *Boston Herald*. NEW YORK: *New York Post*. TEXAS: *San Antonio Express-News*.

Newspapers (nondailies)

TEXAS: Houston Community Newspapers (all in Houston)—*Community News, Humble Echo, Sentinel, Suburban Reporter, Sun, Sun Woodland.*

OTHER PROPERTIES

Twentieth Century-Fox.

New York Times Co.

RANK **12**

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,394	1,230	13.3
Total sales	1,394	1,230	13.3
Net income	116	100	16.3

Sales by media	1985	1984	% chg
Newspaper	1,109	958	15.7
Magazine	217	211	2.8
Broadcast	42	38	11.3
Cable	26	22	19.5
Outdoor	—	—	—

The New York Times Co. turned in a record year for both revenues and net income in 1985 as it spent nearly $400 million in acquiring five newspapers and two tv stations. Wholly a media company, the Times Co. was the nation's 12th largest media company.

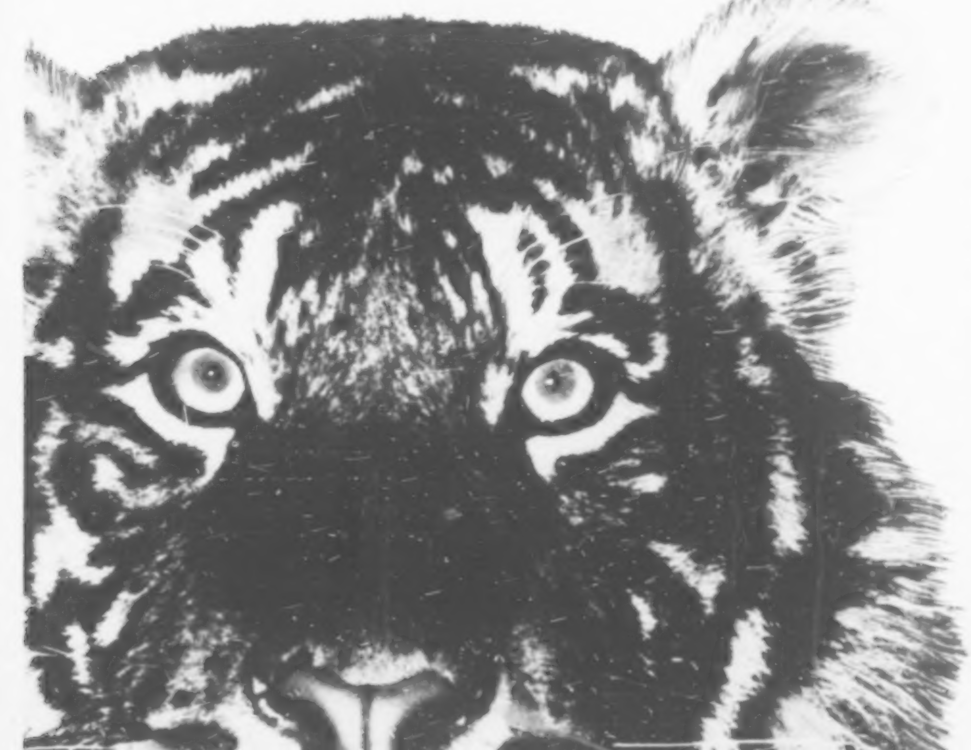
Times Co. has been pursuing smaller newspapers for acquisition throughout the U.S. and in 1985 bought the *Spartanburg Herald-Journal*, in South Carolina, the *Tuscaloosa News* and the *Gadsden Times*, both in Alabama, and in California, the *Santa Barbara News-Press* and the *Santa Rosa Press Democrat*, and WQAD-TV, Moline, Ill., and WNEP-TV, Wilkes-Barre/Scranton, Pa. Both tv stations are ABC affiliates.

The company's newspaper division took in $1.1 billion in revenue in 1985, a 16% gain over 1984, and operating profit of $197 million, up 18%. The division is comprised of 25 daily and eight weekly and twice-weekly papers.

It was a record year at the company's flagship, the *New York Times*, which experienced increased daily and Sunday circulation as well as advertising volume. Daily circulation increased 2.1% to 1,035,426 between March 31, 1985, and the same period in 1986, and Sunday circulation increased slightly to 1,625,649, according to ABC FAS-FAX report of newspaper circulation. Ad linage increased 3.1% to 111.4 million lines in 1985.

The national edition of the *New*

BIG GAME HUNTERS



...bag big profits with the PROFIT TICKETS!

Don't go into the marketing jungle without the help and support of Chicago Lithographing Company for your games.

Our reputation has been earned with successful game, sweepstake and lottery programs. We've helped promotional agencies develop and produce big games for major supermarkets, oil companies, state lotteries and fast food chains. In fact, we've printed billions and billions of Profit Tickets, including scratch-off and punch-out styles, for satisfied customers throughout the world.

Chicago Lithographing Company is a single source for sales promotion, marketing, and advertising agencies. Our extensive facilities offer everything from high speed multi-color printing to sophisticated numbering, perforating, die-cutting and collating — and the controls to help you produce secure hidden image games. We'll even compute the odds and handle the dispersion of prizes. Added to each job are security, distribution and on-time delivery.

Big game and small game hunters are invited to talk to the single source professionals who know the territory. Contact us for complete information.

Chicago Lithographing Company

York Times is being printed in eight sites and has attained a daily circulation of 145,000 and a Sunday circulation of 235,000.

The *New York Times Magazine*, carried in the Sunday paper, became the country's leading magazine advertising vehicle in ad pages in 1985, passing *Business Week* by 130 pages to take the top spot with 4,360 pages. The total was down 7.5%, generating $109.6 million, down 1.3%.

Other moves at the *Times* included the expansion of the regional second-news section on Sundays, the addition of computer and real estate columns in the paper's business sections and the creation of a new so-called "Part 2" of the Sunday magazine called "The Business World" that in 1986 replaced a sports-themed Part 2 section, originally intended for twice-annual publication.

The newspaper acquisitions increased the total daily circulation of the Times Co. regional newspapers group to 749,000, up 51.6%, by yearend 1985. Sunday circulation rose similarly, to 721,000, up 64.6%.

The company's magazine group suffered from softness in national advertising and an industrywide falloff in single copy and some subscription sales, with the group posting a 2.5% decline in advertising pages from 1984 levels and a 3.1% circulation decline. The group's revenues nonetheless rose 3% to $216.5 million. Operating profit was up 22% to $17.6 million.

Among the titles, *Family Circle* carried 1,853 ad pages in 1985, a gain of 50 over 1984. Circulation fell from 6,964,000 in 1984 to 6,681,000 in 1985. *Golf Digest* carried 1,066 ad pages in 1985, a loss of 14 pages from 1984 levels. Circulation rose slightly, to 1,228,400 in 1985 vs. 1,225,400 in 1984. *Tennis* carried 959 ad pages in 1985, compared with 1,036 in 1984. Circulation in 1985 was 507,300, up 7,300 from 1984 levels. *Cruising World* carried 1,620 ad pages in 1985, a loss of 102 from 1984's 1,722 pages, while 1985 circulation in 1985 was up 1,000 to 116,000.

In the company's broadcasting/cable tv segment, revenues increased 14% to $68.6 million in 1985 while operating profit soared 27% to nearly $11 million. The tv stations were able to increase revenue in a year when all national advertising on tv was off by continuing to increase emphasis on local news coverage and on local retail advertising sales.

The company's cable operations, spread over 56 communities in five counties in southern New Jersey, increased basic subsciptions 7% to 130,000 in 1985. It extended the two-way, pay-per-view capability of its systems to 26,000 subscribers during the year.

MEDIA PROPERTIES

Broadcasting

TV: WHNT-TV, Huntsville, Ala.; KFSM-TV, Fort Smith, Ark.; WREG-TV, Memphis, Tenn.; WNEP-TV, Wilkes-Barre/-Scranton, Pa.; WQAD-TV, Moline, Ill.
RADIO: WQXR (am, fm), New York.

Cable/video

SYSTEMS: NEW JERSEY: NYT Cable TV —Cherry Hill.

Magazines

Cruising World, Family Circle, Golf Digest, Golf World (U.K.), *Tennis.*

Newspapers (dailies)

ALABAMA: *Times Daily* (Florence), *Tuscaloosa News, Gadsden Times.* CALIFORNIA: *Press-Democrat* (Santa Rosa), *Santa Barbara News-Press.* FLORIDA: *Gainesville Sun, Lake City Reporter, Ledger* (Lakeland), *Leesburg/Commercial, Ocala Star-Banner, Palatka Daily News, Sarasota Herald-Tribune.* KENTUCKY: *Daily News* (Middlesboro), *Harlan Daily Enterprise, Messenger* (Madisonville). LOUISIANA: Daily Comet (Thibodaux), *Daily World* (Opelousas), *Houma Daily Courier.* MISSISSIPPI: *Daily Corinthian* (Corinth). NEW YORK: *New York Times.* NORTH CAROLINA: *Dispatch* (Lexington), *Lenoir News-Topics, Times-News* (Hendersonville), *Wilmington Morning Star/Sunday Star-News.* SOUTH CAROLINA: *Spartanburg Herald-Journal.* TENNESSEE: *State Gazette* (Dyersburg).

Newspapers (nondailies)

bunk). MISSISSIPPI: *Banner-Independent* (Booneville).TENNESSEE: *Claiborne Progress* (Tazewell).

Other media operations

Feature and news syndicates, interests in Madison Paper Industries and three Canadian newsprint mills, *International Herald-Tribune.*

Oklahoma Publishing Co.

RANK 26

Oklahoma City, Okla.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	411	384	7.0
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	240	229	4.8
Magazine	2	2	(10.5)
Broadcast	154	141	9.2
Cable	15	12	25.0
Outdoor	—	—	—

Oklahoma Publishing Co. continued its diversification within the broadening media field by joining Dow Jones & Co. in purchasing a share in a computerized price quotation service. The company also sold a newspaper in Colorado Springs, Colo., that had been troubled for some time and sold its only magazine.

The Oklahoma City-based media giant known in the diminutive as Opubco, was the 26th largest media company based on 1985 revenues derived from newspapers, broadcasting and cable, the latter being The Nashville Network, acquired by Opubco in 1983. The company also has interest in theme parks, entertainment program production, a professional baseball team, and oil and gas.

Fiercely private Opubco closely guards its financial information. It was included in a 1985 listing of Oklahoma City companies of $100 million or more in sales. In 1986, *Forbes* listed Edward L. Gaylord, Opubco president, among America's richest executives, with Mr. Gaylord's broadcasting and publishing fortune valued at $600 million.

During 1985, Opubco purchased a 20% interest in Telerate Inc., a New York-based supplier of computerized price quotations and other information on government securities, foreign exchange, mortgage market securities and other financial instruments to more than 27,000 video terminals. At the same time, Dow Jones, publisher of the *Wall Street Journal*, acquired 32% of Telerate. The shares were purchased from Exco International plc, an English company, for $459.8 million, of which Opubco's share was $177.5 million.

According to Dean Witter Equity Research, New York, Telerate dominates the U.S. market for such services, competing with Reuters Holdings plc. Reuters, Dean Witter estimates, commands only a 20% share of the U.S. market, while dominating the international markets.

Opubco sold the *Colorado Springs Sun* to Freedom Newspapers, which publishes the *Colorado Springs Gazette Telegraph.* After the $30 million transaction in January, 1986, Freedom ceased publication of the *Sun*, a tabloid morning newspaper that had a weekday circulation of about 45,000 and 67,000 Sundays. The *Gazette Telegraph* carried a morning circulation of 69,481, according to six-month ABC averages ended March 31, 1986, up 13% from the corresponding period in 1985. Evening circulation was 37,967, down 5%. The Sunday paper, however, showed strong gains to 114,457, up 6.1%. Last edition of the *Sun* was Feb. 28.

DataTimes, the electronic database subsidiary of Opubco's Datatek Corp., grew to include full-text electronic libraries of the *Arkansas Gazette*, Associated Press Newswire, the *Baton Rouge State Times* and morning and Sunday *Advocate*, the *Chicago Sun-*

Record (Oklahoma City), *Minneapolis Star & Tribune, Oklahoman & Times, San Francisco Chronicle, Seattle Times*, Southwest Newswire and the *New Haven Register & Journal-Courier.*

The service extended its reach into Australia when it added the Queensland Newspapers Pty Ltd. of Brisbane. DataTimes officials say they expect to add databases from the leading publishers in Perth, Melbourne and Sydney during the summer of 1986.

Opubco's flagship newspaper, the *Oklahoman & Times* and *Sunday Oklahoman*, continued to increase production at its new suburban plant where all daily copies of the newspaper are produced along with a major portion of the weekend issues. The $50 million plant, which went into production in January, 1985, includes 20 computer-operated Goss Metroliner offset presses. Printing plates for the presses are prepared electronically from scanned data that is transmitted via fiber optic cable from the newspaper's editorial and advertising offices eight miles away.

ABC figures for the six-months ended March 31, 1986, place daily circulation at 239,404, down 5% from the corresponding period in 1985, and Sunday circulation at 328,734, up 1%. Howard Nicks, vp-general manager of the newspaper, attributes the loss in the daily to a January, 1986, subscription price increase to $8.25 a month from $7.65 a month, but says he is encouraged by recent numbers that show many of the lost subscribers are returning.

Oklahoma City, Mr. Nicks adds, has been hit hard by the depressed oil and farming industries, which accounts for soft ad sales. Despite the softness, *Oklahoman* ad sales have been on the rise, Mr. Nicks says. The newspaper is by far the dominant participant in the city's media scene.

Opryland USA, Opubco's entertainment park in Nashville, christened the world's second largest paddlewheel showboat in July, 1985. The 300-ft., $12 million General Jackson has a capacity for 670 people for banquets and more than 1,000 for theater presentations. It is named for the first steamboat to operate on the Cumberland River.

Cable subscriptions to The Nashville Network rose to about 25 million from 22 million the year before. During the year, TNN began charging cable systems 10 cents per subscriber per month, which, with discounts, averages to about 7 to 8 cents per subscriber per month, TNN officials say. That is about $22.5 million gross annually. Opubco pays Group W Satellite Communications to distribute and market TNN. TNN came to Opubco with its purchase in September, 1983, of Opryland USA.

Bud Wendell, Opryland president, says that in April, 1986, TNN "beat all other advertiser-supported cable networks" with a 1.8 rating in prime-time average viewing. In early April, the network modified its weekend offering, consolidating all sports broadcasts into the Sunday schedule, and expanding Saturday's schedule to include all entertainment. Officials say the programing change stimulated a 25% to 30% increase in weekend viewing.

In October, the Oklahoma City Chamber of Commerce sponsored a salute to Opubco president Edward L. Gaylord. President Reagan sent his regards by mail. Vice President George Bush taped a message in which he said, "Even if the Rangers are in the cellar, you're on top in our league." Mr. Bush, a Texan and sportsman, was referring to Mr. Gaylord's part-ownership of the Texas Rangers.

Gaylord Broadcasting's KTVT-TV, Dallas-Fort Worth, which broadcasts Texas Rangers games along with Southwest Conference football, basketball and bowl games, and live boxing, added the Dallas Mavericks to its sports broadcasting lineup.

Texas Rangers majority owner

the possible sale of his interest to Gaylord. Mr. Chiles denied that talks were under way, but Gaylord appeared ready to participate if the opportunity came along. The broadcasting company's minority ownership includes rights of first refusal on the sale of the majority interest.

In late May, 1986, Opubco sold its Farmer Stockman Publishing Co., Dallas, to Harcourt Brace Jovanovich. The company publishes *Texas Farmer-Stockman* and *Oklahoma Farmer-Stockman* with a combined circulation of 180,000. Terms were not disclosed.

MEDIA PROPERTIES

Broadcasting

TV: Gaylord Broadcasting Co.: KHTV, Houston; KSTW, Tacoma, Wash.; KTVT, Dallas-Fort Worth; WTVT, Tampa; WUAB, Lorain (Cleveland), O.; WVTV, Milwaukee; WVUE, New Orleans.
RADIO: WKY, Oklahoma City; WSM (am, fm), Nashville.

Cable/video

CHANNELS: The Nashville Network.

Newspapers (dailies)

OKLAHOMA: *Oklahoman & Times.*

Newspapers (nondailies)

OKLAHOMA: *Oklahoman.*

OTHER OPERATIONS

Datatek, Gaylord Productions, Gaylord Syndicom, Grand Ole Opry and AcuffRose music publishing company, Music Country Radio Network, Opryland Hotel, Opryland theme park, Opryland Productions, Texas Rangers (38% interest).

Outlet Communications

RANK 88

Providence, R.I.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	115	105	9.4
Total sales	115	105	9.4
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	115	105	9.4
Cable	—	—	—
Outdoor	—	—	—

Keeping track of the ownership of Outlet Communications is like witnessing a Ping-Pong match: It bounced from public to private two years ago and then was bought out by its management in February this year.

In all this, the media component at Outlet has grown to seven tv stations and four radio properties. However, that number soon will change with the sale of three of the tv stations to raise cash to reduce the cost of the buyout. A radio property previously was sold in December.

Outlet, ranked the 88th largest media company, grew 10% in revenues from 1984 to 1985, all from its tv and radio properties.

In February, 1986, Rockefeller Group Inc. signed a contract selling Outlet for more than $625 million in cash and notes to an investor group led by Outlet executives and Wesray Inc. Wesray is a Morristown, N.J., investment firm that specializes in leveraged buyouts. One of Wesray's principals is former Treasury Secretary William Simon.

The family-owned Rockefeller Group acquired Outlet two years ago for $332.1 million. The company subsequently was enlarged by the purchase of two tv stations, WATL-TV, Atlanta, from Sillerman-Morrow for $28 million, and WPDS-TV in Indianapolis, whose call letters were changed to WXIN, from Anapcomp Inc. for $22 million.

In December, 1985, the FCC approved the sale of Outlet's WQRS-FM, Detroit, to Tanger Broadcasting Properties Inc. of Boston for $5.1 million.

The Pritzker family of Chicago tried to acquire Outlet, but that transaction apparently fell through in January because of the Rockefeller family's concerns about tax implications of the sale.

stations: WCPX-TV of Orlando, Fla., to First Media Corp. of Potomac, Md., for $200 million; KSAT-TV of San Antonio, Tex., to H-C Communications of Houston for $153 million, and KOVR of Stockton-Sacramento, Cal., to Narragansett Capital Corp. of Providence, R.I., for $104 million.

None of the proposed sales has yet been approved by the FCC. "We're assuming they will all be approved at the same time as the buyback," says Fred Griffiths, vp-corporate affairs. An FCC ruling is expected in August.

A.C. Nielsen Co. supplied the following figures for the tv station's delivery of market share for total adults during the late news period in February, 1986: WCPX-TV, Orlando, 22% for the 11 p.m. news; KSAT-TV, San Antonio, 21% for the 10 p.m. news; KOVR of Stockton-Sacramento, Cal., 18% for the 11 p.m. news; WCMH of Columbus, O., 33% for the 11 p.m. news; WJAR of Providence, R.I., 34% for the 11 p.m. news. WXIN of Indianapolis and WATL of Atlanta, Ga., do not broadcast news.

The following ratings were supplied by Arbitron for the percentage of listeners in morning and evening drive periods for the radio stations owned by Outlet: WTOP, Washington, 7.6%, morning, and 3.7%, evening; WTKS (fm), Bethesda, Md., 1.3% morning, 1.5% evening; WIOQ (fm), Philadelphia, 3.9% morning, 3.8% evening; KIQQ (fm), Los Angeles, 2.2% morning, and 2.6% evening. None of these stations is considered a market leader.

MEDIA PROPERTIES

Broadcasting

TV: KOVR, Stockton-Sacramento, Cal.; KSAT-TV, San Antonio, Tex.; WATL-TV, Atlanta; WCMH-TV, Columbus, O.; WCPX, Orlando, Fla.; WJAR-TV, Providence, R.I.; WXIN-TV, Indianapolis.
RADIO: KIQQ (fm), Los Angeles; WIOQ (fm), Philadelphia; WTKS (fm), Bethesda, Md.; WTOP, Washington, D.C.

Park Communications

RANK 91

Ithaca, N.Y.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	105	98	7.4
Total sales	105	98	7.4
Net income	15	14	7.8

Sales by media	1985	1984	% chg
Newspaper	56	51	9.4
Magazine	—	—	—
Broadcast	50	47	5.3
Cable	—	—	—
Outdoor	—	—	—

Since October, 1983, when founder and president Roy H. Park took public what then was named Park Broadcasting Co., growth and change have been coming rapidly. The name is new, Park Communications Inc.; new radio stations and newspapers are on board; Park Outdoor Advertising is separating, and there is a new president.

The presence of new president-chief operating officer Richard W. Gilbert translates into growth at Park, because Mr. Gilbert will relieve Roy H. Park, the 75-year-old head of the company, from many administrative demands, allowing him more time to plan for acquisitions. Mr. Gilbert came from the Des Moines Register & Tribune Co. as president-chief operating officer in November, 1985.

Park, the 91st largest media company, has added at least one newspaper a year to the Park chain since 1977.

Park today is a broadcast and print company operating in 20 states. Its broadcast properties include seven tv stations, all network affiliates, and eight am and fm radio stations, most of them network affiliates. The newspaper properties consist of 29 dailies, 14 Sunday editions, 23 weeklies and twice-weeklies, and 31 shoppers.

Park's tv stations reach about 17.4

from the previous year. Circulation for the 29 dailies rose 11% to 273,900, and the 14 Sundays papers improved 8% to 146,108 during the same period.

As of Dec. 31, 1985, the 23 weekly and twice-weekly Park newspapers were circulating 98,523 copies, up 44%. On June 1, 1986, the largest of these, the *Wayne Independent*, Honesdale, Pa., circulating 10,300 copies, moved from a thrice-weekly to a daily schedule. Park also publishes 31 weekly shoppers, all controlled circulation, up 2% in circulation for 1985 to 418,433.

All Park Communications revenue comes from three media divisions. Gross revenue for those divisions in 1985 included newspapers, $57.8 million, up 11%; tv broadcasting, $42.83 million, up 8%, and radio broadcasting, $13.06 million, a drop of 14% that Park attributes to a decline in ratings for its Portland, Ore., outlets KWJJ (am, fm), its fourth largest radio market. Net revenues comprising Park's media totals for this report have been estimated from the gross revenues Park has made public.

Park, like other media organizations, did not find 1985 a year of vigorous activity. "This was a fair year," says Wright Thomas, senior vp-finance, treasurer and director. "We expect things to be better in '86." Park Communications has been working hard on acquisitions since last fall.

In January, 1986, the company added two former Capital Cities Communications' properties, WPAT, a 5,000-watt am station, and WPAT-FM, 50,000 watts, in Paterson, N.J. Both are beautiful-music stations and compete with 49 other stations in the metropolitan New York market. Park says the combined station is rated No. 1 during daytime hours for a big part of the weekend.

The year's newspaper additions, chronologically, were: *Register Star*, a daily, in Hudson, N.Y., 15,529 circulation, in September, 1985; *Courier Rough Notes*, Chatham, N.Y., weekly, 7,847, September, 1985; *Grayson County News Gazette*, twice-weekly, Leitchfield, Ky., 7,000, October, 1985; *Sentinel-Echo*, weekly, London, Ky., 11,000, October, 1985; *Logan Leader*, weekly, Russellville, Ky., 7,000 circulation, October, 1985; *News-Democrat*, weekly, Russellville, Ky., 7,250, October, 1985, and *Mooresville Tribune*, weekly, Mooresville, N.C., circulation 11,000, according to publisher (IMS Directory of Publications, formerly Ayers Directory, lists 7,400), November, 1985.

Since early 1985 to the present, other changes in media properties have included a move to daily frequency by the *Wayne Independent*, Honesdale, Pa., and the *McDowell News*, Marion, N.C.; expansion of the *Citizen News Record*, Aberdeen, N.C., to thrice-weekly from twice-weekly, and the addition of a Sunday edition for the *Courier News*, Blytheville, Ark.

The company completed construction in 1985 of its new state-of-the-art radio studio at WNAX, Yankton, S.D. And it topped out the new 1,049-ft. transmission antenna for KJJO (fm), Minneapolis, extending its signal by boosting its wattage from 50,000 to 100,000. ADVERTISING AGE estimates these broadcast and newspaper changes have added as much as $15 million in gross revenue to Park's annual sales.

The company now has 30 applications pending with the FCC to operate low-power tv stations "generally in the areas" of its present tv, radio and newspaper operations.

In March, 1986, to "fund past and future acquisitions of communications properties," Park issued $50 million in subordinated convertible debentures. Carrying an interest rate of 6⅞%, they are convertible into Park Communications' common stock at the equivalent of $28.75 a share. Park stock, carried over the counter, is trading in the $28 range.

While Park Communications, established in 1962, went public in 1983, the company remains largely in the control of Roy H. Park, who had an earlier successful career as founder of the Hines-Park Food Co. (Duncan Hines) acquired by Procter & Gamble in 1956. Mr. Park owns 89.28% of Park Communications common stock, or 12.3 million shares.

In addition to elections of Mr. Gilbert as president-chief operating officer and James E. Conley, an officer of Meredith Corp. broadcast group, as director, other major personnel changes include Robert J. Rossi, vp-newspapers, in January, 1986. He joined Park's newspaper division in 1974.

Roy H. Park and wife Dorothy D. Park, in addition to their role in Park Communications, are sole owners of RHP Inc., a real estate holding company, advertising agency, orange grove owner, manager of a securities portfolio, and participant in an outdoor board business.

Now an RHP subsidiary but scheduled to separate from it in several years is Park Outdoor Advertising of New York Inc. (formerly Park Outdoor Advertising), a privately held company. Roy Park has a financial interest in the reconstituted company and chairs its board, but son Roy H. Park Jr. is president-ceo. Within five years the outdoor company is to detach from RHP.

Park Outdoor Advertising of New York operates in 22 New York counties, covering about one-third of the state, and 11 counties in northeastern Pennsylvania. Two of its major markets are Syracuse, N.Y., and Erie, Pa. Other New York cities covered are Utica-Rome, Binghamton, Elmira, Jamestown, Ithaca, Auburn, Ogdensburg and Messina. It is the No. 1 outdoor company in all of those markets except Syracuse and Erie. Recently it sold its Scranton, Pa., outdoor interests to Patrick Media, the new owners of Metromedia's former outdoor division, Foster & Kleiser.

MEDIA PROPERTIES

Broadcasting

TV: WBMG, Birmingham, Ala.; WUTR, Utica, N.Y.; WNCT-TV, Greenville, N.C.; WSLS-TV, Roanoke; WTVR-TV, Richmond, Va.

RADIO: KJJO (am, fm), Minneapolis; WHEN, WRRB (fm), Syracuse, N.Y.; WNCT (am, fm), Greenville, N.C.; KWJJ (am, fm), Portland, Ore.; WNAX, Yankton, S.D.; WPAT (am, fm), Paterson, N.J.; WDEF (am, fm), Chattanooga, Tenn.; WTVR (am, fm), Richmond, Va.; KEZX (fm), Seattle.

Newspapers (dailies)

ARKANSAS: *Courier News* (Blytheville), *Helena-West, Helena World*. FLORIDA: *Daily Sun Journal, Spring Hill Sun* (Brooksville), *Spring Hill Sun*. GEORGIA: *Daily Sun* (Warner Robins). ILLINOIS: *Macomb Daily Journal*. INDIANA: *Evening News* (Jeffersonville), *Pilot-News* (Plymouth). MICHIGAN: *Coldwater Daily Reporter*. NEBRASKA: *Nebraska City News-Press*. NEW YORK: *Evening Sun* (Norwich), *Journal* (Ogdensburg), *Journal-Register* (Medina), *Register-Star* (Hudson), *Union-Sun & Journal* (Lockport). NORTH CAROLINA: *Concord Tribune, Daily Independent* (Kannapolis), *McDowell News* (Marion), *News Herald* (Morganton), *Observer-News Enterprise* (Newton), *Robesonian* (Lumberton), *Sampson Independent* (Clinton), *Stateville Record & Landmark*. NORTH DAKOTA: *Devils Lake Daily Journal*. OKLAHOMA: *Daily Ledger* (Broken Arrow), *News-Capital & Democrat* (McAlester), *Sapulpa Daily Herald*. PENNSYLVANIA: *Wayne Independent* (Honesdale). VIRGINIA: *Journal Messenger* (Manassas), *News-Virginian* (Waynesboro).

Newspapers (nondailies)

ARKANSAS: *Mail Call* (Blytheville), *Missco Shopper Guide* (Osceola), *Osceola News, Twin City Tribune/Advertiser* (Helena). FLORIDA: *Wednesday Hernando Free Press, Sunday Hernando Free Press* (Brooksville). GEORGIA: *Houston County News* (Warner Robins), *Houston Home Journal* (Perry), *Shoppers Extra* (Perry). ILLINOIS: *Business News* (Macomb). INDIANA: *Bremen Enquirer, Clark County Journal* (Jeffersonville), *Farm & Home News* (Plymouth), *Nappanee Advance News*. KENTUCKY: *Grayson County News-Gazette* (Leitchfield), *Logan Leader* (Russellville), *News-Democrat* (Russellville), *Sentinel Echo* (London). MICHIGAN: *Resorter* (Coldwater). NEBRASKA: *Tri-State Weekly* (Nebraska City). NEW YORK: *Albion Advertiser, Courier-Rough Notes* (Chatham), *Faces & Places* (Norwich), *Massena Observer, Pennysaver* (Medina), *Potsdam Courier-Freeman, St. Lawrence Plaindealer* (Canton), *Rural News* (Ogdensburg), *Tri-County News* (Lockport), TV Signals (Medina). NORTH CAROLINA: *Bladen Journal* (Elizabethtown), *Burke County Observer* (Morganton), *Citizen News-Record* (Aberdeen), *Cabarrus Observer* (Kannapolis, Concord), *County News Enterprise/Maiden Times* (Newton), *Landmark Observer* (Statesville), *McDowell Express* (Marion), *Mecklenberg Gazette* (Davidson), *Mooresville Tribune, News Outlook Shopping Guide* (Aberdeen), *Robesonian Weekly* (Lumberton), *Sampson County Shoppers Guide* (Clinton), *Shoppers Guide* (Mooresville), *Valdese News*. NORTH DAKOTA: *Country Peddler* (Devils Lake). OKLAHOMA: *Bixby Bulletin, Broken Arrow Weekly Ledger, Hartshorne Sun, Herald Extra* (Sapulpa), *Jenks Journal, Southeastern Oklahoma Shopping News* (McAlester). PENNSYLVANIA: *Wayne Independent* (Honesdale). VIRGINIA: *Suburban Virginia Times* (Manassas).

Patrick Media Group

RANK 52

Scranton, Pa.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	220	204	7.7
Total sales	220	204	7.7
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	220	204	7.7

Scranton, Pa.-based Patrick Media Group's $710 million agreement to purchase Foster & Kleiser, the nation's largest out-of-home media company, is like a minnow swallowing a whale, in the words of one competitor.

The definitive buyout agreement, reached March 19 with Metromedia Inc., Secaucus, N.J., Foster & Kleiser's parent, is subject to Patrick Media's ability to arrange financing, expected by mid-year. Paine Webber Capital Markets, New York, is handling negotiations with several bank groups.

"The deal is already signed and sealed. It's just subject to closing, and that's pro forma," a spokesman for Paine Webber says. There is widespread industry speculation that Patrick Media Group will sell some of Foster & Kleiser's assets to help pay for the acquisition, but there is no indication from Gerard P. Joyce, 34, principal with Patrick Media, that this may be part of his plans.

Los Angeles-based Foster & Kleiser, which announced its revenues were $212 million in 1985, up 6% from 1984, is the nation's largest outdoor company with 46,000 displays in 35 markets. Patrick Media Group had revenues of about $7 million in 1985, Mr. Joyce says. The company owns 1,500 displays in the Scranton/Wilkes-Barre area of northeastern Pennsylvania and in Hartford, Conn.

Patrick Media is ranked as the 52nd largest media company on the basis of its merged revenues with Foster & Kleiser. An equivalent figure for the combined companies in 1984 would be $204 million, or $198 million from F&K and $6 million from Patrick Media.

The second largest out-of-home media company is New York-based Gannett Outdoor, a division of Gannett USA, Arlington, Va., with $207 million in 1985 revenues, and about 40,000 displays in 15 markets nationwide.

Sources at Foster & Kleiser, who asked not to be identified, say independent ownership of the company would be a blessing in an out-of-home market that is rapidly becoming a hotbed of competition. Outdoor companies are jostling for new business in an industry racked in recent years by relative declines in cigaret and liquor advertising.

Tobacco advertising, the out-of-home media industry's mainstay since cigaret advertising was banned from tv in January, 1971, is a prime example. Tobacco ad revenues have fallen from representing 43%, or $301 million, of the 1980 revenues for the 30-sheet and painted bulletins, to a 1985 share of 31%, or $378 million. Likewise, alcoholic beverage advertising, out-of-home media's second leading category, fell from 19% of industry revenues in 1980 to 11% in 1985, all according to the Institute of Outdoor Advertising, New York.

The biggest gains in replacing these categories are expected in package goods, healthcare and retail advertising, Mr. Joyce says. "Any one of these categories could outweigh tobacco and liquor combined in the coming years," he says.

Package goods in particular should create a boost in out-of-home media spending with the June, 1985, merger of R.J. Reynolds Industries and Nabisco Brands, and the September, 1985, acquisition of General Foods by Philip Morris Inc. R.J. Reynolds and Philip Morris know the medium well. They have been the respective first and second largest spenders for out-of-home media for the past several years.

Patrick Media's buyout of Foster & Kleiser would remove some obstacles to its aggressive participation and growth in the out-of-home market, a Foster & Kleiser executive says. Foster & Kleiser has had to answer to Metromedia and later to a subsidiary since Metromedia acquired it in 1960. In 1982, Metromedia sold all of its outdoor structures to a new division, Outdoor Advertising Associates, Secaucus, while maintaining ownership of all equipment and plant facilities.

Following Patrick Media Group's acquisition, it will own all structures and capital now shared by the Metromedia/Outdoor Advertising Associates partnership. This would enable Foster & Kleiser to follow an independent, long-term marketing strategy, the executive says.

However, unlike Gannett Outdoor, which launched Outdoor Network USA in September, 1985, and is targeting national advertisers through its affiliation with 29 outdoor companies covering 85% of the U.S., Foster & Kleiser will focus its marketing on the local and regional level, Mr. Joyce says. "We are going to be very much a marketing-oriented company," he says. "We have some definite national plans, but the thrust will be local and regional sales."

Mr. Joyce is providing few details on whether Foster & Kleiser's corporate headquarters would be moved to Scranton from its Los Angeles base, and on the extent of reorganization in corporate management that would follow the acquisition. "Obviously there will be some restructuring, but there are a lot of good people there, a nucleus of very capable people who will provide the germ of a new entity," he says.

Mr. Joyce also says he is recruiting executives from companies outside the out-of-home industry to add a fresh perspective. For example, he recently hired Lawrence Cognetti from International Business Machines to assume the role of vp-marketing and sales. Other recent appointments include James Mellody, vp-public affairs, Ashoka Varma, vp-finance, and Walter Weber, vp-controller.

The acquisition of Foster & Kleiser is the fulfillment of a plan Mr. Joyce set in motion in 1982, when he first recognized the possibility that the unit would be sold. He later began positioning himself for the purchase by making contact with Metromedia executives, institutional investors and

THE TOLL-FREE 24 HOUR 7 DAY ANSWER

USA 800

America's leading corporate toll-free service:

- The **Fortune 500's** most recognized toll-free service.
- Increase ad response for sales leads, credit card orders, product information, special promotions, and other programs.
- Inbound, Outbound (WATS), and Fulfillment.
- Also serving Canada and the United Kingdom.

CALL TODAY TO FIND OUT MORE!

USA 800 1-800-821-7700 ext.2000

Kansas City, MO-
Stamford, CT

☆ ☆ ☆

Prize-winning ingenuity & professionalism in real estate transactions

☆ ☆ ☆

Our work for Ogilvy & Mather, structuring and negotiating the 600,000-square-foot lease for their new headquarters in New York, won us the Robert T. Lawrence Memorial Award for ingenuity and professionalism in a real estate transaction — the second straight year we took the same prize.

Pattison Partners

creative initiative

(212)661-6713

commercial banks.

Mr. Joyce started Patrick Media—named after his maternal grandfather—in 1970 as a freshman at University of Scranton. After taking options on property, he convinced his first customer, Boise-Cascade, to prepay portions of its advertising contract, using the money to build the signs himself. After Mr. Joyce graduated from college, R.J. Reynolds Industries, Winston-Salem, N.C., contracted with the company to build 50 signs in the Scranton/Wilkes-Barre area, doubling Patrick Media's size.

Patrick Media acquired five outdoor companies in the 1970s and early 1980s, selling two of them. In 1985, the company acquired Mr. Joyce's boyhood employer, Scranton-based Park Outdoor, and sold operations in Columbia/Jefferson City, Mo., to Price Communications, New York.

Despite the huge debt Patrick Media is undertaking, Mr. Joyce, the sole owner, has not lost his sense of humor or his confidence. "When we reached a definitive agreement, I went home and told my wife, 'Don't worry, we only owe as much as some small countries,'" he says. "Over-all, I'm very optimistic. There's a great future for the out-of-home medium."

MEDIA PROPERTIES

Patrick Outdoor Advertising, Foster & Kleiser pending

RANK
Penthouse International 78
New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	132	115	14.8
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	132	115	14.8
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Penthouse International veered slightly from the static men's entertainment magazine sector in 1985 to start three magazines and buy another, but it also titillated its *Penthouse* market with "The Material Girl" blockbuster issue exposing rock star Madonna.

Penthouse International, ranked the 78th largest media company, continues to feel the circulation losses at *Penthouse*, its lead property. Its June 30, 1985, ABC statement showed circulation at 3,038,840, down 5% from the year-earlier period. However, the average jumped to about 3,100,000 in December, a credit to the September issue with nude photos of the rock star Madonna. Over-all, ad pages were down 23.2%, while revenues were off 8% to $20.2 million.

David Myerson, ceo, continues to place much of the blame for the drop in circulation on "a concerted effort on the part of religious, fundamentalist zealots to deny people the right to read what they want to read."

Mr. Myerson contends that in such places as airports, where the magazine's full cover is displayed, *Penthouse* has sales equal to or greater than previous years. "When there's a blinder on the cover, or the magazine is kept under the counter, it has an adverse effect on sales," he says.

Penthouse will be found on fewer shelves this year. In April, Southland Corp., operator of 4,500 7-Eleven outlets, decided it no longer would sell *Penthouse*, *Playboy* or *Forum*, the latter also a Penthouse Publication. It was charged that Southland was pressured by religious groups and abetted by U.S. Attorney General Edwin Meese's commission on pornography. Both Playboy Enterprises and *Penthouse* publisher Bob Guccione sued Mr. Meese and the Justice Department to block commission disclosures. Mr. pressures it is experiencing.

In addition to censorship pressures, Mr. Myerson says the magazine also was under pressure from some advertisers to "change the nature of the magazine." In response to that pressure the magazine has limited its ad pages to 30 in most issues; the January, September and December issues carry 50 pages.

A stimulant for 1985 was the September "The Material Girl" issue, depicting rock singer and actress Madonna in the nude from shots taken when she was a model. Photos of Madonna, ran in both *Penthouse* and *Playboy*. They helped sell 4.5 million copies of *Penthouse*. Both magazines hyped their Madonna issues and had them on newsstands weeks earlier than usual.

This April, *Penthouse* cut its rate base almost 12% to 3 million. Mr. Myerson says the magazine wants to concentrate on "priority" newsstand sales and notes there are no cut-rate subscriptions available for *Penthouse*.

Newlook's rate base was also cut this April, from 500,000 to 250,000. *Newlook* was introduced in May, 1985. Mr. Myerson describes its readers as a shade younger and more affluent than *Penthouse's*. He calls it the indicative of the "genre of male magazines of the future, with a shorter read and more importance on photography."

The company's science magazine, *Omni*, is breaking new ground. While ad pages were down 10.9% in 1985, revenues increased 1% to $16.2 million. This year the magazine is seeing some interest from such new categories as liquor advertising. *Omni* is having success with special medical issues, which are controlled circulation issues sold to one advertiser and distributed to its primary clients. There is also an *Omni* line of books and software.

In July, 1985, the company introduced a popular music tabloid magazine, *Spin*. Addressing itself to the 18-to-25-year-old market, *Spin*, according to Mr. Myerson, initially had some distribution problems for the "strange sized tabloid," but said those have been ironed out.

In April, 1986, *Nuclear, Biological & Chemical Defense & Technology* was launched. *NB&CD&T* is the company's first controlled publication; its market is military procurement officers. In May, Penthouse International made its first acquisition—an automotive magazine named *Four Wheeler*. Mr. Myerson says there may be more acquisitions in store.

In December, 1985, *Penthouse* published the first edition of a men's magazine in Chinese; the 50,000 copies printed sold out in Hong Kong in 24 hours.

Shooting is scheduled to start at the end of this year on "Moll Flanders," Penthouse's second movie. Negotiations are being held with two parties for the sale of the company's casinos in Atlantic City. And the company recently signed a joint venture with a manufacturer in the Far East for a Penthouse line of clothing, watches and other products.

MEDIA PROPERTIES
Magazines

Forum, "Girls of Penthouse," *Four Wheeler*, *NB&CD&T*, *Newlook*, *Omni*, *Penthouse*, *Penthouse Letters*, *Spin*, *Variations*

OTHER OPERATIONS

Apex Properties, Boardwalk Properties, International Nuclear Systems Organization, Penthouse Films, Penthouse International Books, Omni Books, Evelyn Rainbird Ltd. (mail order), Penthouse Video.

RANK
Petersen Publishing Co. 83
Los Angeles

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	122	112	8.3
Total sales	125	116	7.8
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	122	112	8.3

Petersen Publishing Co. suffered an over-all decrease of 2.3% in ad pages for its magazines in 1985 and expects continued decline in 1986 because of fewer magazine titles. However, tight focusing among its specialty magazines is beginning to translate into greater ad revenue growth among select issues.

The privately held Los Angeles-based company, the 83rd largest media company, reports net revenue growth from media operations of 8.3% to $121.5 million in 1985 over restated 1984 revenues of $112.2 million. The 1984 figures are net revenue figures, restated from gross media revenues given in last year's report of $142.3 million.

Advertising revenues for the company, which publishes 12 special interest or buff magazines, increased by 9% to $86.5 million in 1985.

Petersen dropped two titles. *Pickups & Minitrucks*, discontinued in June, 1985, and *Sea*, sold to Duncan McIntosh Co. in December, 1985. This partially accounted for a 2.3% decrease in total ad pages to 9,976. Petersen projects its 1986 ad pages will continue to decline to about 9,600, largely because of fewer titles, and expects ad revenues from those titles to reach $97.1 million, up 12.3%.

Petersen is reporting record increases in ad pages for several of its magazines for the first six months of 1986, which it attributes to its strategy of creating and sticking to tight editorial focuses. The over-all company strategy is to select a specific market segment and target a magazine's content, essentially how-to material, toward the enthusiasts in that segment. Most Petersen publications offer buying and travel guides as a reader service, which supports the segmentation strategy.

For example, *Skin Diver*, which broke records for ad pages in May, 1986, with 104.5 pages, is concentrating on the growth area of skin diving, the "dive-travel" market. *Skin Diver's* June issue followed May's success with another record ad page count of 108.2. Ad revenues for the May issue were $818,660; the magazine's ad pages were up 22% for the first six months of 1986. Other magazines have shown six-month gains that range from 15% and 32%.

Circle Track boosted its ad pages by 15.7% to 372.2 pages, while *Motorcyclist* showed a 31.9% gain to 334.3 pages.

In addition to its market segmentation strategy, Petersen enters into special events associated with its magazines' markets. Petersen is present, for example, at the Indianapolis 500 and at many National Hot Rod Assn. races.

'Teen magazine originated the Great Model Search for which it now receives 25,000 to 30,000 entries a year. It recently launched "Dream Guy," which encourages its female readers to enter their favorite boy, and those selected are pictured on a regional basis in each issue. According to 'Teen publisher Robert MacLeod, "The key to reaching teen readers is to involve them in the magazine's editorial content."

The formula seems to work for *'Teen*, which in the last year, aided by a redesign, has turned around a circulation decline. To separate *'Teen* from other teen service magazines on the newsstand, the magazine shifted away from one dominant cover illustration to several smaller illustrations. Pages are crowded with more informational and instructional articles. Circulation is now averaging 20% more than a year ago, and its publisher expects to deliver circulation of about 1.4 million with its August issue.

Petersen has found success in spinning off new publications from existing ones, a strategy that goes back to the company's first magazine, *Hot Rod*, which was started in 1948. One of this year's stars is *Dirt Rider*, spawned by *Motorcyclist* to appeal to the off-market segment, has allowed the magazines to become the primary magazine ad buy for major cycle manufacturers. First-half 1986 ad pages are up 30% and 32%, respectively, for *Dirt Rider* and *Motorcyclist*.

In September, Petersen will launch an every-other-monthly magazine to ride the home fitness boom, titled *Home Fitness & Equipment*. It will contain advice columns, interviews with movers and shakers in the fitness business, buying guides and nutrition information.

Petersen's titles often grow out of one-shot special issues. A special, *100 Years of the Automobile*, issue in November, 1985, did so well that it is coming back in a revised form as *Motor Trend's Automotive Yearbook*, an annual.

Last year, Petersen produced 39 special issues and will publish 43 in 1986.

MEDIA PROPERTIES
Magazines

Car Craft, *Cartoons*, *Circle Track*, *Dirt Rider*, *Drag Racing*, *Guns & Ammo*, *Home Fitness & Equipment*, *Hot Rod*, *International Combat Arms*, *Kit Car*, *Motor Trend*, *Motorcyclist*, *Mustang*, *Petersen's 4-Wheel & Off-Road*, *Petersen's Hunting*, *Petersen's PhotoGraphic*, *Skin Diver*, *'Teen*. Also one-shot special interest publications.

RANK
Pittway Corp. 97
Northbrook, Ill.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	93	101	(3.1)
Total sales	548	496	10.5
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	
Magazine	98	101	(3.1)
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Penton/Industrial Publishing Co., the media division of Pittway Corp., "started out at a gallop and ended in a trot" in 1985, notes a Pittway assessment, referring largely to the company's ad pages affected by a midyear slump in the computer industry, one of Penton's major growth clients in the past few years.

As a result, pretax income for publishing side of Cleveland-based Penton/IPC was $20.4 million, up only 2.5%, on revenues of $160 million, up 6.6%. Saddlebrook Real Estate & Resort, a property contained in the publishing division, reported a pretax income of $581,000, down from $1.7 million in 1984, on revenues of $21.3 million, about even with 1984.

Ad revenues and circulation from the 27 magazines account for 70% of Penton/IPC's revenues, or $98.3 million in 1985, which is down from restated revenues of $101.4 million in 1984. This ranks parent Pittway as the 97th largest media company.

Part of the media revenues come from group buys through Penton Executive Network, a network of 13 Penton/IPC publications with primary circulation of 1.5 million that is sold as a group. Graphic services, marketing and educational services and the Saddlebrook Real Estate & Resort business make up the balance at Penton.

Media at Penton/IPC accounts for 17.9% of Pittway's total revenues.

Thirteen of 27 Penton titles achieved ad page gains in 1985. In all, Penton/IPC posted 33,437 total ad pages in 1985, up 2.7% from 1984.

Magazines that gained the most ad pages include *Computer-Aided Engineering*, up 195 pages; *New Equipment Digest*, up 149 pages; *Air Transport World*, up 118 pages; *Power Transmission Design*, up 111 pages; *Government Product News*, up 58 pages, and *Occupational Hazard*, up 56 pages. These gains accounted for 78% of total ad page growth.

The company has one annual maga-

The company added another pu lishing venture to its successful list titles with the early 1986 arrival *Links Guide*. *Links Guide* is a pock sized golf yardage booklet the gol carries with him while he plays a res golf course. The booklet plots the of the course. The company says a vertisers, such as golf suppliers, ha been "very enthusiastic" about the n booklet and several resort golf cours have signed contracts to distribute free to golfers.

Links Guide is published by Lin Guide Inc., a majority-owned subsi ary of Penton Publishing, formed November, 1985.

MEDIA PROPERTIES
Magazines

Air Transport World, *Chemical Engineer Catalog*, *Computer-Aided Engineering*, *C tracting Business*, *Foundry*, *Governm Product News*, *Handling & Shipping M agement*, *Heating/Piping/Air Conditioni Hydraulics & Pneumatics*, *Industry We Links Guide*, *Lodging Hospitality*, *Mach Design*, *Material Handling Engineeri Materials Engineering*, *Millimeter*, *Mod Office Technology*, *New Equipment Dig Occupational Hazards*, *Power Transmiss Design*, *Precision Metal*, *Production En neering*, *Progressive Architecture*, *Rest rant Hospitality*, *School Product News*, *U Equipment Directory*, *Welding Design Fabrication*, *Welding Distributor*.

Other media operations

Direct response cards, directories, annu and Management Personal Time, a ma zine network sell based on demographics.

OTHER OPERATIONS

Animated films, C&A Investments, Cur & Pease (direct mail marketing), list sal Mail-Tec Service, market research, P ton/IPC Press (graphic services), Pent Learning Services, Penton Exhibition Di sion, Pittway Real Estate, Saddlebrook sorts.

RANK
Playboy Enterprises 65
Chicago

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	172	166	3.8
Total sales	192	187	2.8
Net income	7	27	(75.5)

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	149	147	1.0
Broadcast	—	—	—
Cable	24	19	23.5
Outdoor	—	—	—

Erosion in the men's entertainme magazine sector continued to plag Playboy Enterprises, Chicago, which the past six months also has seen lead magazine withdrawn from som convenience store shelves and h closed its once-popular Playboy Clu in New York, Chicago and Los A geles—warrens for its newly install male "rabbits."

Net income at publicly held Playb in the fiscal year ended June 30, 198 dropped 75% on a 2.8% increase revenues. Media revenues at Playb accounted for nearly 90% of total 19 revenues of $192.3 million, up fro 89% in 1984.

The income slide recorded in 19 continued in the three quarters end March 31, of its fiscal 1986. In th nine-month period, Playboy posted $45.9 million net loss, compared wi year-earlier profits of $7.5 million, net sales of $140.8 million, dow 2.8%.

The company's media sales, whic ranked Playboy the 65th largest med company, consist of advertising a circulation revenues from *Playboy* a *Games* magazines, the cable-tv Pla boy Channel and sales of videoca settes.

Playboy magazine contributed 70 of the company's total media revenu in fiscal 1985, with the month *Games* and other publishing activiti adding another 16%. Publishing div sion revenues of $148.5 million we up 1%. Pretax income from publishi operations was $8.1 million in 198 scription fees for the Playboy Channel, a 31% increase from the previous year. aunched in November, 1982, the service had 753,000 subscribers at fiscal earend, an unexpected 1.4% drop from its average for the year. Revenues f $3.3 million attributed to programng production and home-video product sales are included in the Playboy hannel media totals.

Playboy's video segment posted otal revenues of $23.7 million, up 3.7% from fiscal 1984. The division earned $230,000 in 1985, compared with a $317,000 pretax loss a year earier.

Calendar 1985 proved to be another weak year for *Playboy*, as average newsstand sales declined 4.9% by earend and ad pages dropped 2.6%. Total magazine revenues for the fiscal ear ended June 30 were $120.7 milion, up 0.5%, after a 1.6% decline in 984. That increase was mainly beause of a 6.4% increase—of $2.3 milion—in subscription revenues.

For the last six months of 1985, *Playboy* subscriptions were up an averge of 0.9%, to 2,458,301. Single-copy sales in the same period were ,693,023, off 4.9% from prior-year figures, with total circulation of ,151,324 representing a 1.6% drop. The magazine has maintained its 4.1 million rate base, although at its peak n 1972 *Playboy* claimed a circulation of more than 7 million.

Ad revenues in fiscal 1985 increased .8%, to $47.9 million, because of a .9% average rate increase in the peiod. The increase came despite a slight decline in ad pages, a trend that accelerated into 1986. For the calendar ear 1985, the magazine sold 911.7 pages, down 2.6%, but earned revenues of $57.7 million, a 5% increase. In the first six months of 1986, ad pages were down 11%, to 448.

Newsstand sales were potentially hurt further by Dallas-based Southand Corp.'s decision to remove *Playoy* and two other titles from its 4,500 company-owned 7-Eleven stores. Two smaller chains followed suit as a result of what Playboy calls pressure from J.S. Attorney General Edwin Meese's commission on pornography. Playboy says 7-Eleven sales constituted less than 5% of its newsstand total and adds that readers would likely purchase copies at other outlets.

Both Playboy and Penthouse Interational, whose *Penthouse* and *Forum* magazines were also withdrawn from 7-Eleven stores, have sued Mr. Meese and the Justice Department to stop the pornography panel from circulating some of its findings.

Several changes in *Playboy's* advertising department signaled an increasng discomfort among executives with progress of the company's 31-year-old flagship. Advertising director Chuck Stentiford was replaced by Saul Stone, and the magazine dropped category managers for liquor and automotive marketing. Vp-promotions Joe Mangione left the company, with duties partially taken over by Walter Kuenstler in a newly created marketng director post. Editorial director Arthur Kretchmer added the title of associate publisher, succeeding Nat Lehrman, who retired.

Mr. Kretchmer immediately ended *Playboy's* advertorial and themed promotional inserts, saying they were illconceived attempts at short-term, adpage gains. He also phased out the *Playboy Guides*, which had run sporadically as bound inserts in the magazine after being discontinued as standalone newsstand products.

The magazine now has concentrated ts sales efforts on smaller advertisers unable to afford its $60,000 national page rate. *Playboy's* metropolitan editions have been expanded from three to 13 cities, and a high-demographic "preferred" edition circulated to 00,000 subscribers allows advertisers to skim the top 20% of the magazine's 2.4 million subscriber base.

Editorial refinements begun last fall include a brightened graphic approach, with more imaginative cover designs and updated department headings, and perfect binding of the magazine. At president Christie Hefner's urging, the magazine has steered away from its main focus on sex-related issues. It hired Ron Reagan Jr. as a correspondent and has devoted more editorial attention to politics, social causes and entertainment, all toward the goal of differentiating itself from more sexually explicit rivals.

Internationally, Playboy plans a global marketing effort among its 11 foreign editions, licensed to other publishers. Logistics still must be coordinated among the foreign and U.S. editions by vp-international Lee Hall before the plan is implemented.

New York-based *Games*, put on the block in late 1985, had a yearend 1985 circulation average of 666,067, up 0.9% from the average for second half of calendar 1984. A 6.6% decline in newsstand sales, to 89,882, was more than offset by a 2.2% gain in subscriptions, to 576,185. *Games* sold 244.1 ad pages in 1985, a 3.1% loss, for revenues of $3 million, up 4.8%. The company says the magazine reduced its fiscal 1984 loss by 50% last year through declines in printing and administrative costs.

For the first three months of 1986, *Games* sold 60 ad pages, up 21.7%, for revenues of $771,644, a 30.7% gain over the year-earlier period. *Games* publisher Jerry Calabrese says a prospectus has been issued for the magazine, which reportedly is being offered for an asking price of $6 million.

Playboy's video division continued its struggle for success by naming a new president, severing its ties with its cable programing distributor and launching a $9.95 "videocassette centerfold" series.

Richard Sowa, formerly exec vp-administration and finance, was named to the new post of president, Playboy Video Corp., with responsibility for the Playboy Channel and home-video products.

In April, 1986, Playboy ended its ties with Rainbow Programing Services Co., distributor of the cable channel, moving responsibility for distribution and marketing in-house. As of April, the company says the channel had 680,000 subscribers among 586 cable systems.

Playboy has refined the channel's programing content several times to win acceptance among cable system operators. It has returned to mostly sex-oriented fare after an unsuccessful attempt at general-interest movies and other programing.

In May, Playboy announced it would shut down company-owned Playboy Clubs in Chicago, Los Angeles and New York, after an expensive revamp of its New York club brought disappointing returns. Franchised clubs in smaller markets such as Des Moines, Ia.; Omaha, Neb., and Wichita, Kan., remain largely profitable, the company says, and will be unaffected by the decision. Some features of the New York club—including male "rabbits"—may be transferred to the franchised properties.

MEDIA PROPERTIES

Cable/video

CHANNELS: Playboy Channel.

Magazines

Playboy, Games.

Other media operations

Playboy Home Video.

OTHER OPERATIONS

Playboy Clubs International, product sales and licensing.

Providence Journal Co.

RANK **57**

Providence, R.I.

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	208	172	20.9
Total sales	434	398	9.0
Net income	N/A	N/A	N/A

Sales by media	**1985**	**1984**	**% chg**
Newspaper	102	109	(6.7)
Magazine	15	12	25.0
Broadcast	32	28	12.5
Cable	60	35	70.9
Outdoor	—	—	—

Media dollars shifted from newspapers to broadcast and cable at the Providence Journal Co. in 1985 as the company purchased in joint venture two western tv stations while selling two radio properties based in its hometown, Providence, R.I.

That trend is likely to continue through 1986 as PJC, ranked the 57th largest media company, agreed to buy WHAS-TV, Louisville, for $85.7 million in June, 1986. The CBS affiliate is being sold by the Courier-Journal & Louisville Times Co., the Bingham-family owned media company that has been divesting its holdings.

PJC, based in Providence, R.I., early last month moved to exit the magazine business by offering *Soap Opera Digest* for sale.

Media revenues at the privately held company in 1985 came from the *Providence Journal & Evening Bulletin, Soap Opera Digest*, tv stations, Colony Communications Inc. (cable) and cellular telephone and paging systems.

For 1985, newspaper revenues were an estimated $101.7 million, down from an estimated $109 million in 1984.

Combined circulation of the morning and evening papers was off 1.1% to 207,917, according to six-month ABC averages ended March 31, 1986. That loss was attributed solely to a 4.8% decline in the larger evening paper to 119,310. The morning paper gained 4.4% to 88,607. The Sunday paper circulation rose 1% to 258,081.

Ad linage at the *Journal* rose 2.6% to 2,408,000 ins. Retail accounted for 1,706,000 ins., down 0.1%; general advertising was up 0.8%, to 133,000, and classified rose 12.5%, to 569,000. The *Journal* introduced a new rate schedule Jan. 1, 1986, amounting to a 5% increase in the daily rate for national advertising (to $78.30 a column in.), and an 8% increase in the Sunday rate (to $86.79 per column in).

Higher rates at the every-other-weekly *Soap Opera Digest* helped offset a 3.5% decline in ad pages to 317 to effect a 7.7% increase in ad revenues to $2.2 million. The publication's circulation has been declining. *Soap Opera Digest* was 840,732 at the end of 1984, according to ABC audited statements, but had dropped to 786,858 by mid-year 1985, the latest available audit. PJC put Soap Opera Digest on the block in mid-May, 1986, noting the property, which had net revenues of $15 million in 1985, will go to the highest bidder.

On the broadcast side, PJC sold WPJB-FM, Providence, and WEAN, a Providence am station, to Eastern States Broadcasting, Washington. In a joint venture with Mountain States Broadcasting, the company acquired KGSW, an independent station in Albuquerque, N.M., and KMSB-TV (formerly KZAZ), a vhf independent in Tucson/Nogales, Ariz. A company spokesman declined to elaborate on the corporate strategy behind the media acquisitions and sales.

Nonmedia properties at the PJC include four commercial printing plants, which had an estimated $225.9 million in revenue in 1985, and paging operations, which contributed $600,000.

This past winter a federal judge held the *Providence Journal & Evening Bulletin* in contempt of court for publishing stories contrary to court order. The company has filed an appeal with the First Circuit Court of Appeals in Boston and is awaiting the outcome.

The newspaper got into hot water by publishing tapes of a domestic nature between Raymond Patriarca Jr. and his father, Raymond Patriarca, the reputed organized crime boss in Rhode Island. Tapes were obtained from the government through the Freedom of Information Act. The tapes were printed in violation of a court order. Mr. Patriarca Jr. contended that his privacy would be invaded by publication of the information.

The newspaper continues to be aggressive editorially. It ran a major investigative series on the operations of the Rhode Island Mortgage Finance Corp., a state entity set up to provide low-cost mortgages to eligible Rhode Island residents.

The *Providence Journal & Evening Bulletin* has expanded the scope of its zoned editions, increasing the frequency to twice weekly, and has added zoned classifieds. The newspaper has experienced gradual circulation increases in the morning and "modest" decreases in the evening edition, but there are no plans to phase out the evening newspaper, says Jim Wyman, deputy executive editor.

The company is investing $59 million over the next two years to become the first all-flexo newspaper printing plant in the country, according to a company spokesman. Flexo printing is a technique used for printing on packaging, and advocates say the method can save a newspaper millions of dollars a year, if the technique proves feasible for newspaper printing. The *Providence Journal* has been a leading innovator in the development of flexo printing for the newspaper industry.

PJC's Colony Communications subscriber list grew 10.3% to 236,000 basic (231,000 paid) in 49 franchises in 11 systems. While no new systems were added in 1985, Colony did bring in several new franchises—Copley Colony Cablevision of Cypress Inc. in Cypress, Cal.; Copley Colony Cablevision

When only the best will do.

Specializing in Media,
Account Management,
Traffic, Marketing/
Market Research,
Advertising/Sales
Promotion.
We'll make your search
easy and successful.
Contact Karen Katz,
VP, Dir of Adv/Mktg Services

Forum
Personnel Inc.

342 Madison Avenue, New York, N.Y. 10017
(212) 687-4050 Agency

VALUE-ADDED
VALUE-ADDED
ADVERTISING

It's yours with the Journal of Accountancy.

We're able to guarantee value-added advertising with a heavily involved, CPA-dominated circulation of 280,000. A circulation that grows by some 10,000. Every year.

Your ads in the Journal also add value by consistently reaching and influencing decision makers:

- *93% of our public accounting subscribers are owners, principles or partners of their firms.*
- *In addition to their internal decision-making clout, these professionals advise and influence between 101 and 200 clients each.*
- *65% of our public sector subscribers have the product/service selection power to go with their top management titles.*

The Journal adds value to your advertising. Without adding to the size of your budget. In fact, we offer you by far the lowest cost per thousand (CPM) in the accounting field. (To say nothing of the fact that the Journal has the only audited circulation in the field.) And our advertising rates are far below those charged by general business publications.

Need to know more about how to add value to your advertising? Call Dick Flynn COLLECT at (212) 575-6286.

Journal of Accountancy
American Institute of
Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036

of Costa Mesa Inc., Costa Mesa, Cal.; Visioncable Co. of Rhode Island, Pawtucket, R.I. The company also named Charles Townsend, president, in March.

Harry Dyson assumed the position of treasurer at PJC, replacing William Chaffee who retired May 1, 1986.

MEDIA PROPERTIES

Broadcasting

TV: WPHL-TV, Philadelphia; KSMB, Tucson; Ariz.; KGSW, Albuquerque, N.M.

Cable/video

SYSTEMS: CALIFORNIA: Colony Communications-Harbor City, San Pedro, Wilmington, Copley/Colony Cablevision-Costa Mesa, Cyprus. FLORIDA: Colony Communications-Hialeah-Coral Gables (88.9%). MASSACHUSETTS: Colony Communications-Fall River (84%), Lowell, New Bedford (86%), Woburn; Multipoint distribution systems-Boston, Springfield. NEW YORK: Colony Communications-Beacon, Hyde Park, Lloyd, Monroe, Wappinger. RHODE ISLAND: Hopkinton, Westerly; Multipoint distribution system-Providence; Visioncable-Pawtucket.

Magazines

Soap Opera Digest

Newspapers (dailies)

Providence Journal & Evening Bulletin, Sunday Journal.

Other media operations

Videotex system in Providence, R.I. and New Bedford, Conn., areas.

OTHER OPERATIONS

Providence Gravure, cellular radio-beeper service: Metronet (Providence); Carolinanet (Raleigh, N.C.).

Pulitzer Publishing Co. RANK **42**

St. Louis

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	272	243	12.2
Total sales	272	243	12.2
Net income	20	15	31.6

Sales by media	**1985**	**1984**	**% chg**
Newspaper	181	162	11.7
Magazine	—	—	—
Broadcast	91	81	13.0
Cable	—	—	—
Outdoor	—	—	—

A battle for control of the Pulitzer Publishing Co. turned a private squabble into a public affair this year as two warring factions of the newspaper dynasty claimed rights to the family heirloom—the 108-year-old media empire and its crown jewel, the *St. Louis Post-Dispatch*.

The fight for ownership of the Pulitzer media empire did not affect operating results, however, as the company's net income grew 32% to $20.02 million in 1985 as revenues increased 12.2% to $272.1 million, about two-thirds from newspapers and one-third from broadcast.

The St. Louis-based company, the nation's 42nd largest media company, also expanded rapidly in suburban Chicago after its midyear 1985 purchase of the Lerner Newspaper chain. Pulitzer spent $40 million for the Southtown Economist Newspapers in March of this year, bringing its Chicago holdings to 96 newspapers with a total circulation of some 770,000, about one-third paid.

Amid all the acquisition, the feud over Pulitzer ownership neared settlement last month when Pulitzer Publishing offered to buy out dissident shareholders for $183.2 million, and they, in turn, agreed to drop litigation against the company.

But Michigan businessman Alfred Taubman, who in January had purchased an option to buy 20% of Pulitzer's stock for $100 million from one of the dissident groups, immediately filed suit against the company, charging that it interfered illegally with his option agreement. (Mr. Taubman's family company, which owns Sotheby's, the English auction house, and A&W, a chain of fast food restaurants, created a new subsidiary, Taubman Media Inc., for the potential acquisition.)

In April, Mr. Taubman bid $625 million for Pulitzer Publishing, but the offer was rejected by Joseph Pulitzer Jr., chairman, his half-brother, Michael Pulitzer, president, and a cousin, David Moore, all grandsons of the founder. If the proposed buyback agreement reached in May succeeds, it would reduce the number of shares outstanding and would give the three men and their children 73% ownership of the company.

A spokesman for the company says Pulitzer plans to issue a limited public stock offering later this year to help finance the buyback and recent newspaper acquisitions.

Pulitzer's expansion into Chicago made the company the largest suburban community newspaper publisher in the area and threw it into competition with a couple of strong local chains, Paddock Publications and Field Corp.'s Pioneer Press. Pulitzer's Southtown acquisition followed its $10 million purchase last year of the Lerner Newspaper chain of 45 mid-weeklies, four Sunday papers and three free shoppers. The Lerner papers generate an estimated $10 million to $12 million in revenues annually.

The Lerner papers are distributed on Chicago's North Side and in northern and northwestern suburbs, while the Southtown chain covers southern and southwestern suburbs. Both community newspaper groups are said to be profitable.

Nicholas Penniman, Pulitzer's vp of newspaper operations, says Pulitzer plans to consolidate its holdings in the Chicago area and perhaps to grow by acquiring or starting new publications —or changing existing ones. He says Pulitzer's two chains aren't contiguous, nor do they cover the most affluent areas of Chicago, but both reach a solidly attractive middle-class white-collar market. Former *Southtown Economist* owner Bruce Sagan has been tapped to run Pulitzer's Chicago operations.

In St. Louis, the *Post-Dispatch* dominates the daily scene, but its competitor, the *Globe-Democrat*, has proved to be the newspaper industry's most tenacious survivor.

The *Globe* floundered through most of 1985 and ceased publishing in December after a bankruptcy court judge removed publisher Jeffrey Gluck for incompetence and mismanagement. But the *Globe* resumed publication under new owners in late January and now is attempting to rebuild its advertising and readership base.

Globe officials say circulation bottomed out at about 135,000 in January and since has increased to about 150,000. The *Globe's* new owners, local businessmen John Prentis and William Franke, say they have the capital and the management expertise to put the *Globe* back in its feet again.

Pulitzer officials insist the *Globe's* competition hasn't hurt the *Post*, which picked up about 55,000 new readers during the *Globe's* hiatus and kept about 20,000 of them. They say the *Post's* advertising in the first quarter of 1986 ran about 15% ahead of 1985.

Latest six-month (publisher's statement) figures put the *Post's* daily circulation at 318,589, up 44,504 from a year ago, and Sunday at 519,503, up 24,301. However, the daily figure was bloated by the temporary circulation bulge during the *Globe's* absence. By mid-April, the *Post's* daily circulation had dropped back to about 316,000 while Sunday circulation had swelled to 521,000. The *Globe* doesn't have a Sunday edition.

The *Post-Dispatch* plans to unveil a new total market coverage vehicle in the fall to replace *You*, a broadsheet section of celebrity profiles, advice columns and Hollywood gossip. Created two years ago to counter the marketing muscle of the Ingersoll Publications' chain of free weeklies, *You* hasn't attracted enough advertising to make it profitable.

Despite its dominance in the market, the *Post-Dispatch* had an operating profit of only 5% in 1985, said to be due in part to high labor costs.

However, some of the company's top broadcast properties showed profits of nearly 40%. Pulitzer's top properties include WGAL-TV in Lancaster, Pa., and WYFF-TV in Greenville, S.C., and two Phoenix, Ariz., radio stations. Its Omaha tv station has been hurt by the depressed farm economy.

MEDIA PROPERTIES

Broadcasting

TV: KETV, Omaha, Neb.; KOAT-TV, Albuquerque, N.M.; WGAL-TV, Lancaster, Pa.; WLKY-TV, Louisville, Ky.; WPTA, Fort Wayne, Ind.; WXII, Winston-Salem, N.C.; WYFF-TV, Greenville, S.C.

RADIO: KKLT (fm), KTAR, Phoenix.

Newspapers (dailies)

ARIZONA: *Arizona Daily Star* (Tucson). ILLINOIS: *Chicago Southtown Economist, Suburban Economist, Southwest Suburban Southtown Economist.* MISSOURI: *St. Louis Post-Dispatch.*

Newspapers (nondailies)

ILLINOIS: Myers Newspapers-*Albany Park News, North Town News, Ravenswood-Lincolnite, Ravenswood News, Rogers Park-Edgewater News, Uptown News, Chicago Sunday Star, Skokie Sunday Life.* Booster Newspapers-*Lincoln-Belmont Booster, Lincoln Park Lake View Booster, North Center-Irving Park Booster, Sunday Booster, Weekend Booster.* Southtown Economist Newspapers-*Calumet City-Burnham Economist Pointer, Riverdale-Dolton Economist Pointer, Glenwood-Thornton Economist Pointer, Homewood-Flossmoor-Olympia Fields Economist Pointer, Lansing Economist Pointer, South Holland/Economist Pointer, Southtown Economist, Central; Southtown Economist, South; Blue Island/Sun-Standard, Calumet Park/Sun-Standard.* Times Newspapers-*Harlem-Foster Times* (city), *Harlem-Foster Times* (suburban), *Harlem-Irving Times* (city), *Harlem-Irving Times* (suburban), *Franklin Park Times, Elmwood Park Times, Northwest Times, River Grove Times, Schiller Park Times, Portage Park Times, Jefferson-Mayfair Times, Logan Square Times.* Near North Suburban-*Lincolnwood Life, Morton Grove Life, Niles Life, Skokie Life.* Far North Suburban-*Deerfield Life, Northbrook Life, Glenview Life, Wheeling Life.* Skyline-*Skyline.* Voice Newspapers-*DuPage County Voice, Voice of Bensenville, Voice of Hanover Park North, Voice of Hanover Park South, Voice of Hoffman Estates, Voice of Itasca, Voice of Roselle, Voice of Bloomingdale, Voice of Schaumburg, Suburban Voice.*

Other media operations

Sports Stats (80% interest), Frank Popper Audiovisual Productions.

RCA Corp. RANK **4**

New York

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	2,648	2,371	11.7
Total sales	8,972	8,671	3.5
Net income	369	341	8.2

Sales by media	**1985**	**1984**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	2,648	2,371	11.7
Cable	—	—	—
Outdoor	—	—	—

RCA Corp. was folded into General Electric Co. in mid-June, 1986, to become the largest non-oil merger in the country. The resulting company has total revenues of about $38 billion, about 7% of that now coming from the unit's major media property, NBC, which surpassed CBS to become the highest-rated network in prime time in the 1985-86 season.

The improved fortunes of NBC Television Network pushed the broadcast total revenues in RCA's entertainment division to $2.65 billion, up 12%, and pretax income grew by 53.8% to $333.2 million—better than half of RCA's pretax income from all business segments. Broadcasting accounts for all media totals at RCA, ranked the fourth largest media company.

RCA, based in New York, reported last December it would be sold to General Electric Co. for $6.28 billion. The Justice Department in May approved the merger, although it required GE to divest some of its assets. Total revenue figures presented in the box heading this profile are for RCA only.

The broadcast side of RCA's entertainment division derives its revenues from the NBC network, the four tv stations, the three radio networks and nine owned radio stations.

RCA's other entertainment activity, generating $43.4 million in pretax income on sales of $757.8 million, up 22% and 38%, respectively, centered on records and home video. In August, RCA and Bertelsmann A.G. merged their worldwide record, music publishing and music video operations into one joint venture encompassing all of RCA's record divisions. The new joint venture, RCA/Ariola International, encompasses the RCA, Ariola, Arista and Hansa labels. The RCA/Columbia Home Video joint venture accounts for the rest of the entertainment division's profits.

Two of the most momentous events in NBC's history took place in 1985, events certain to dramatically change the company in the immediate future. First, NBC's ascendancy to first place in prime time will place even greater pressure on the company and its resources to maintain momentum in the highly competitive network world. NBC also, for the first time since the abortive Moscow Olympics in 1980, attained the rights for the 1988 Summer Olympics in Seoul.

Second, GE's influence, though immediately described by the new owners as negligible, will almost certainly have an impact on the company on many levels. While GE will make every effort to safeguard its profitable new ward, NBC, it will be fast in making changes if necessary. The first order will be to replace Grant Tinker, chairman of NBC, who plans to leave the company perhaps by the end of the year.

NBC's destiny will be of its own making, according to GE. A succession process is already in the making. The successor to Mr. Tinker apparently will be chosen from a cadre of top executives currently at the company.

GE enters the industry steeped in broadcast history, although lacking in broadcast management expertise. The company started one of the first radio and tv operations in the U.S. in 1928, both stations essentially figuring as sales tools in the company's plans to sell tv and radio sets. But the company's interest in the industry failed to mature, and, ironically, its interests later developed into NBC. GE eventually sold a handful of tv stations and, before the purchase of RCA, was left with only one, KCNC-TV, Denver. GE also has sold off several radio stations in recent years and divested its cable operations.

GE has sought an 18-month waiver from the FCC to retain some of its radio stations following the RCA purchase. Like Capital Cities/ABC, GE has said it wants to study the impact of any sale on the viability of radio networks, the NBC Radio Network, the Source and Talknet. Cross-ownership rules would require GE to sell WYNY (fm) and WNBC, New York; WMAQ and WKQX (fm), Chicago, and WKYS-FM, Washington. GE will retain the tv stations in each city.

Only once in recent years has GE acknowledged its serious interest in building its broadcast business, when it tried to purchase Cox Communications in the 1970s.

A key motivation behind GE's RCA purchase was clearly NBC; GE's earnings cycle was affected by the downturn in international trade as well as the strength of the dollar. NBC's high earnings are seen as a stabilizing influence on the cycle.

The NBC-TV network scored its greatest gains in 30 years behind the strength of "The Cosby Show," "Family Ties," "Cheers," "Night Court" and "The Golden Girls," just a few of the comedies that propelled the network past CBS.

In the most recent A.C. Nielsen Co. ratings, NBC scored a 17.6 average rating through April 16. The network had an average 28 share. This was a 5% margin over CBS, which had a 16.7/26, and 18% over ABC, which had a 14.9/23. CBS delivered the same number of households this year as last —about 14.3 million per prime-time minute. But NBC's jumped from 13.7 million last year to 15.1 million in 1986. ABC's average household audience dropped to 12.8 million from 13.07 million in 1985. So substantial were NBC's gains, including growth in key demographic categories such as adults 18-to-49, that the network helped reverse a trend in lower viewing levels to the networks last year.

The strength was reflected in NBC sales; not only was NBC the only network to ever sell more than $1 billion in inventory in prime time, which it accomplished for the 1985-86 season, but it also remained relatively strong during a prolonged sales drought during the first and second quarters last year.

Even NBC's weak daytime schedule remained heavily sold—although this was primarily because of credits paid to advertisers. While the entire network economy declined by about 3% in 1985, NBC managed to increase its over-all sales substantially on the strength of its high demographic profile. NBC also joined ABC and CBS in accepting stand-alone 15-second commercial units.

NBC displayed strengths across the board, but Thursday night reigned supreme. "The Cosby Show" averaged more than a 50 share for months while "Family Ties" continually pulled 45 shares. Wednesday night was also strong with shows such as "St. Elsewhere" and "Highway to Heaven." Friday's greatest triumph was "Miami Vice," which quickly caught on as the most popular teen show of the year, sparking several retail and music trends. Saturday remains NBC's second strongest night, anchored by new hits "227" and "The Golden Girls." The "NBC Monday Night at the Movies" has also been highly successful for the network.

The network's trouble spots are Sunday and Tuesday. "The A-Team," which sent NBC on its victory march only two seasons ago, foundered badly last year. "Hunter" and "Stingray," also Stephen Cannell productions, also failed to deliver audience. Both shows were renewed for next year.

"Hill Street Blues," which lost its top producer last year, also suffered. The show originally had best illustrated the Tinker/Tartikoff doctrine of letting the best shows rise to the top, however long that may take. "Hill Street" managed to secure a position on this fall's Thursday schedule.

NBC's daytime program schedule still remained entrenched in third place. The daytime ratings/share averages ended April 20 showed ABC as the top-rated network with a 6.1 rating/21 share average, CBS with a 6.0/21, and NBC with a 5.2/19. NBC had only two shows—"Days of our Lives" and "Wheel of Fortune"—in the top 10 rated shows.

Top prime-time miniseries during 1985-86 included "Peter the Great," the Procter & Gamble-sponsored "A.D.," "The Long Hot Summer," "Evergreen" and "Wallenberg: A Hero's Story." Each averaged above a 30 share.

NBC also made strides in news programing last year. The NBC "Nightly News with Tom Brokaw" closed the gap with CBS' "Evening News with Dan Rather."

NBC's "Today" finally passed ABC's "Good Morning America" to become the most-watched morning news show. Hosted by Jane Pauley and Bryant Gumbel, NBC engineered its dash past ABC by relying heavily on international live broadcasts from sites including Rome and Moscow. After the first quarter, "Today" had an average 5.8 rating and 25 share; "Good Morning America" has a 5.2/22, and CBS' "Morning News" had a 3.1/13.

NBC News also sought an equity position in Turner Broadcasting System's Cable News Network. Ted Turner was seeking capital to fund his purchase of the MGM/UA Entertainment. However, the deal fell through after Mr. Turner refused to give NBC complete editorial control of CNN. Before this —and possibly to force Mr. Turner into a conciliatory position—NBC said it might try to create its own cable news network. There was little support from the cable industry, however.

In sports, NBC's $300 million rights

purchase of the 1988 Olympics put the network back on the Olympic map. The agreement calls for a novel "revenue sharing" arrangement with the Koreans. Many of the events will be tape-delayed. In another major sports event purchase last year. NBC attained the exclusive broadcast rights to the Breeder's Cup.

The division also saw increased ratings in its National Football League—American Football Conference package. Each of the networks last year reversed viewership decline in professional football. NBC also has baseball and National Collegiate Athletic Assn. basketball packages.

MEDIA PROPERTIES
Broadcasting

TV: NBC-TV Network, with 207 affiliates. NBC-owned stations: WNBC-TV, New York; KNBC, Los Angeles; WMAQ-TV, Chicago; WKYC-TV, Cleveland; WRC-TV, Washington; KCNC-TV, Denver (via merger with GE).

RADIO: NBC Radio Network. NBC-owned stations: KNBR, KYUU (fm), San Francisco; WJIB (fm), Boston; WNBC, WYNY (fm), New York; WMAQ, WKQX (fm), Chicago; WKYS-FM, Washington.

OTHER OPERATIONS

RCA Americom Satellite, RCA/Columbia Pictures International Video (home video), RCA Records, RCA consumer products division (tv, videocassette sets).

Reader's Digest Assn.

RANK **56**

Pleasantville, N.Y.

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	209	205	1.8
Total sales	1,450	1,567	(7.5)
Net income	N/A	N/A	N/A

Sales by media	**1985**	**1984**	**% chg**
Newspaper	—	—	—
Magazine	197	194	1.5
Broadcast	—	—	—
Cable	—	—	—
Other	12	11	6.4

Under the leadership of a new administration headed by chairman-ceo George Grune, Reader's Digest Assn. continued its tight-fisted course to maximize its profitability. The private company's strategy included the folding of unprofitable operations, the paring of circulation and a cut in advertising rates at *Reader's Digest*.

The Pleasantville, N.Y.-based company, ranked the 56th largest U.S. media company, gets its U.S. media revenues from *Reader's Digest* and Source Telecomputing, a personal computer on-line electronic information service.

Other business areas include a worldwide distribution of *RD*, with 39 editions in 16 languages, adding up to a paid global circulation exceeding 30 million, which gives *RD* the highest magazine readership in the world. More than 100 million people worldwide read the magazine each month. Total international ad revenues are estimated at $66 million, second only to *Time*. The total domestic and international editions of *RD* provide a reported 39% of worldwide net revenues, or about $565 million.

The company is also one of the world's largest marketers of records and cassettes, and its recorded music division is reported to account for 11% of total company revenues. Another 45% in revenues comes from the publishing division, which sells 20 million volumes of condensed books and 12 million copies of other nonfiction books, primarily in the how-to vein. It is said to be the most profitable segment of Reader's Digest's business.

The domestic edition of *RD* cut its circulation rate base 8.4% to 16,250,000 and its ad rates by 3.8%, beginning with the January, 1986, issue. The measures were designed to eliminate less profitable circulation. In its first quarter, the *Readers Digest* gained 45 pages, to achieve its highest first quarter in the past five years.

During 1985, advertising revenues for *RD* dropped 1.1% to $110.6 million on 1,071 pages, down 0.4%, according to Publishers Information Bureau. Fighting the supermarket checkout clutter and apparently winning the battle were single-copy sales, which rose 9% to 961,014. Subscriptions, however, dropped 1.7% to 16,695,997, according to ABC audited statements at yearend.

RD, formerly the No. 1 circulated magazine in the country, relinquished that crown to *TV Guide* when the rate base was lowered. *RD* continues to reach a reading audience of 39.4 million, according to a Simmons Market Research Bureau Study of Media and Markets, which means almost one-fourth of the adult American population reads the magazine.

Reader's Digest Assn. launched on July 1, 1985, a $1 million corporate image campaign by New York-based ad agency James Parry Inc. Ads informing advertisers and company employes of the scope and dimension of corporate business ran in New York, Chicago and Detroit. The four-color, spreads appeared in such publications as *Nation's Business*, *Working Woman*, *Sports Illustrated* and the three newsweeklies. This first corporate campaign in the company's 63-year history chronicles high points in *RD's* recent past, such as the responsiveness of the magazine's readers to important issues as measured by their writing to congressmen, *RD's* program to find missing children and its scoop on the purported plot against the Pope. The campaign theme is "We make a difference." A corresponding newspaper campaign promotes editorial features from the magazine.

J. Walter Thompson USA handles *RD's* tv advertising. However, direct mail remains the company's forte. Subscriptions are sold to the public via the mail both in the U.S. and abroad, where there are 12 million *RD* subscribers. Subscription lists get an additional workout as mailing lists for direct mail pieces promoting books Reader's Digest publishes. The company sports an annual postal bill exceeding $250 million worldwide. Far from home, *RD* closed its Japanese unit Jan. 31, 1986, after suffering six years of continuous losses, on a circulation of 450,000. The Japanese subsidiary had been in operation for 24 years, while a Japanese language edition has been published for nearly 40 years.

The Scandinavian editions in Norway, Sweden and Denmark have been consolidated. Reader's Digest also sold an 80% interest in *Asiaweek*, one of the leading English-language publications in the Far East, with a circulation of 60,000, to Time Inc., which will keep the current management intact. Reader's Digest also sold Bartholomew Map Co. in Scotland last year for an undisclosed price. Other cost-saving measures included an offer of early retirement made to nearly 300 employes, of which 184 accepted.

Source, the computer-based information service headquartered in Washington, has 60,000 subscribers, of which about 2,000 came on line in the past year. New services included the introduction of a free on-line tutorial service, under which subscribers can learn how to use Source for free. According to Nancy Beckman, pr manager for Source, the new free service was well received. "It is rare in this industry to find on-line services offering this type of arrangement," she says.

The Source introduced special interest groups (sigs), which bring together those subscribers who have in common either a special interest or a certain computer.

Among the seven sigs so far are special interest groups for Apple and Macintosh computers, Microsoft users among software users, and a legal sig. Other potential sigs are being investigated. Source charges a $49.95 setup fee and a minimum $10-a-month usage fee, while actual use is calculated in amounts of minutes used.

Last year, Reader's Digest began a contest offering $500,000 in college scholarship aid to students who devise the best programs against drunken driving among teen agers. A contest was held within the ad community to develop a poster announcing the contest to be circulated in the nation's 16,000 high schools. A creative team from Fallon McElligott, the Minneapolis agency, won the ad contest and a weeklong trip to Paris.

In other philanthropic gestures, Reader's Digest continued its QSP school subscription solicitation program that has raised more than $500 million during its 22-year duration for schools and youth groups. Monies from this program in 1985 contributed 5% to the company's over-all revenues last year.

Corporate chairman-ceo George Grune became president of the Reader's Digest Foundation, the company's philanthropic arm, succeeding Kent Rhodes, who will continue on the foundation's board. John Allen, vp-corporate and community affairs, became the foundation's executive director.

August, 1985, marked the opening of the DeWitt Wallace Decorative Arts Gallery in Williamsburg, Va. The late founder of the magazine, DeWitt Wallace, had allocated a $14 million grant for construction of the gallery and its operation.

Kenneth A. Gordon became the publisher of *Reader's Digest* on Dec. 2, 1985, succeeding Richard F. McLoughlin, named vice-chairman and director of U.S. operations.

In other personnel shifts, Richard Murray, vp-ad sales director since July, 1984, retired and was succeeded Jan. 1 by John Donoghue, formerly RD eastern ad sales director. Tom Rice, a sales representative, succeeds Mr. Donoghue, as New York manager.

Effective Dec. 2, Kenneth Gordon became vp-publisher of books and the recorded music division, succeeding former publisher Richard McLoughlin who had held that post as well. John Bohane succeeds Mr. Gordon as vp-director of books and records. Mr. Bohane had been deputy director of international operations. Ronald Cole joined Lynn Mapes as vp-associate publisher and continues to direct U.S. circulation activities. William O'Neill became vp-director of international operations, after serving as vp-deputy director of international operations.

Rene Isaac was named to the new post of vp-director corporate planning and development in September, in which capacity he will explore new-business opportunities for Reader's Digest. Mr. Isaac had been vp-director corporate planning. Jane Personenni became ad research director in New York after serving as international marketing director. She succeeds John Nephew, who moved to Mediamark Research to assume the new post of vp-marketing.

Mr. Grune offered to develop an ad campaign promoting the magazine industry to international marketers at a conference in Madrid last May. *RD* will contribute one page in its international editions four times a year to promote the industry internationally and also will put up seed money for the design and implementation of the campaign.

MEDIA PROPERTIES
Magazines

Reader's Digest

Other media operations

Source Telecomputing (80% owned).

OTHER OPERATIONS

Reader's Digest Entertainment, book publishing, mail order sales of records and tapes.

RKO General

RANK **54**

New York

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	213	200	6.7
Total sales	406	371	9.4
Net income	N/A	N/A	N/A

Sales by media	**1985**	**1984**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	213	200	6.7
Cable	—	—	—
Outdoor	—	—	—

RKO General, a subsidiary of GenCorp, Akron, O., took steps in 1985 to reduce its media holdings by reaching agreements to sell its two major tv stations, although one sale hit a snag before a Federal Communications Commission judge.

The 54th largest U.S. media company received 52.5% of its total revenues from media in 1985, consisting largely of contributions from tv and radio divisions. Lesser contributions to media totals also come from theatrical production for pay tv, motion picture production, hotel development and management and data and information transfer systems. RKO's only major nonmedia operation is soft-drink bottling.

GenCorp had aftertax income from continuing operations, excluding the effects of provisions for plant closures and nonoperating losses, of $98.4 million, up 33.9% from 1984, on net sales of $3.02 billion in 1985, up 7.9%. Net earnings at GenCorp for the year were $75.2 million, up from only $7.2 million in 1984.

In February, 1986, RKO announced the proposed sale of KHJ-TV, Los Angeles, to Westinghouse Broadcasting Cable (Group W) for $308 million. A contract was still pending in mid-June on the sale of WOR-TV, Secaucus, N.J., to MCA, Los Angeles, for $387 million. The sales would leave RKO with 12 radio stations and one tv station.

The sales have been motivated by protracted proceedings before the FCC concerning RKO's qualifications for license renewals. One of those hearings involved KHJ-TV and a mutually exclusive application by Fidelity TV, Los Angeles, for the same channel. The FCC determined that the decision in the KHJ-TV proceeding would be binding in proceedings for RKO's other tv and radio stations. The sale stumbled in its first step before the FCC when an FCC administrative law judge ruled in May, 1986, it would be against the public interest. RKO did not expect the ruling, but reported it would receive a favorable ruling before the full FCC. GenCorp stock plunged 8 points, and trading was halted several hours. It regained all but 3 points once trading concluded for the day.

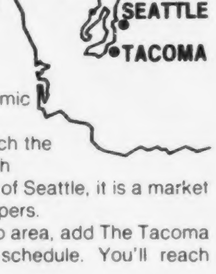
Under the purchase agreement, Group W would acquire the compet-

YOUR
LOGO
BELONGS
HERE

CUSTOM NECKWEAR
Send Your Company's Logo
for a *Free* Sample Tie

Designed and Manufactured by
Symbolic Neckwear, Inc.
360 E. Randolph Dr.
Chicago, IL 60601 (312) 565-2149

A Tale of Two Cities



In either the best or worst of economic times, it doesn't make sense to buy newspapers that can't effectively reach the whole Seattle-Tacoma CMSA. Though Tacoma is but a mere 35 miles south of Seattle, it is a market largely unreached by Seattle newspapers.

If you want to reach the entire metro area, add The Tacoma News Tribune to your advertising schedule. You'll reach 236,400 adults every day.

Reach the Tacoma portion of this market with a Tacoma newspaper. In terms of gaining results, it would be a far, far better thing to do.

For more information, contact Doug Harris at 206-597-8757 or talk to a Sawyer-Ferguson-Walker representative.

The Tacoma
News Tribune

P.O. BOX 11000 TACOMA, WASHINGTON 98411

ing applicant's interest for $98 million and KHJ-TV for about $210 million.

Trouble encountered by the company two years ago, when it was disclosed that RKO had overbilled advertisers by some $7.9 million, was at least partly responsible for RKO's sale of a company that produced network radio programs and the proposed sale of its two tv stations. The protracted hearings before the FCC have been costly. Those proceedings have contributed largely to GenCorp's increases of $54 million and $12 million in 1984 and 1985, respectively, for selling, general and administrative expenses.

In April, 1985, RKO completed the sale of its radio networks to United Stations Radio Networks, a New York-based producer of network radio programs partly owned by entertainment entrepreneur Dick Clark. Company officials refused to disclose terms, but the company reportedly received $10 million—$3 million in cash and $7 million in long-term notes. Its radio networks provided programing and advertising to some 1,500 radio station affiliates. The sale came in the wake of revelations that the FCC was investigating overbilling of advertisers by the company.

RKO owns some top-ranked broadcasting stations, including WRKS-FM in New York, the market leader in the evening broadcast segment, and WRKO-AM in Boston, a leader in the evening slot. Other top markets include Boston where Arbitron Ratings show WROR (fm) ranked No. 8 in the morning drive, and its am sister, WRKO, ranked No. 2 in the morning position and No. 1 in the evening. In New York, WOR, is No. 2 in the morning period, and No. 3 evening, while WRKS-FM is No. 1 in the evening.

For tv stations, A.C. Nielsen Co. determined the following figures for delivery of market for total adults 18 years and older during the late news period of February, 1986: WOR-TV, New York, 8 p.m. news, 4%; KHJ-TV, Los Angeles, 9 p.m. news, 4%; WHBQ-TV, Memphis, Tenn., 10 p.m. news, 20%.

Other RKO revenue came from a tv movie produced by RKO Pictures, "Sweeney Todd," which won three Emmys. In order to increase its access to the North American entertainment marketplace, the company entered into a theatrical distribution agreement with Paramount Pictures. This relationship, when combined with RKO Picture's offshore production capabilities, positions the company for growth with less risk than is usually associated with the motion picture business. New management at RKO Pictures and FilmGroup, responding to changes in the home entertainment market, reduced its distribution of videocassettes and consolidated production activities.

In November, 1985, RKO sold its 45% holdings in Frontier Airlines to People Express for an aftertax gain of $24.2 million. RKO's share of the air carrier's losses in 1984 and 1983, respectively, were $9 million and $9.9 million.

RKO Bottlers posted a record net revenues of $192.5 million during the year. The introduction of Slice, a soft drink made with 20% real juice, increased market penetration.

MEDIA PROPERTIES

Broadcasting

TV: WHBQ-TV, Memphis.
RADIO: KHJ, KRTH (am, fm), Los Angeles; KFRC, San Francisco; WGMS (am fm), Bethesda, Md./ Washington; WAXY (fm), Fort Lauderdale, Fla.; WFYR (fm), Chicago; WRKO, WROR (fm), Boston; WOR, WRKS-FM, New York; WHBQ, Memphis.

OTHER OPERATIONS

RKO Bottlers, RKO Pictures & Film Group.

Cable nets lead spending

Cable services ad spenders in 1985 were topped by networks according to Leading National Advertisers: HBO $9.7 million; MTV $5 million; ESPN $3 million; Showtime $2.6 million.

RANK **86**

Rogers Cablesystems

Toronto

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	118	90	30.5
Total sales	254	211	20.1
Net income	(16)	(22)	(27.1)

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	118	90	30.5
Outdoor	—	—	—

Rogers Communications Inc., which bowed out of the Syracuse, N.Y., market in 1985 and is expected to sell its California operations this year, experienced a 31% growth in revenues from its U.S. cable properties in 1985—largely a result of rate increases from major systems.

The Toronto-based company ranked the 86th largest media company on the basis of its U.S. media revenues. Canadian cable operations, which added to Rogers' U.S. activity, brought a gain in total operating income of 40% to $91.7 million on revenues of $354.2 million, up 20%, for fiscal 1985 ended Aug. 31, 1984. The company, however, suffered an over-all loss of $16.2 million, actually a 27% improvement over 1984.

U.S. dollar figures for this profile were converted from Canadian currency at the rate of C$1=U.S.$0.716. The same rate was applied to 1984 figures for comparison. The Canadian dollar fell 8% against the U.S. dollar in 1985.

Excluding the Southern California and Syracuse systems that Rogers has sold, 1.1 million homes are located in areas franchised to Rogers in the U.S. At its fiscal yearend, almost 90% of the homes were passed by cable and there were about 475,000 basic subscribers at an average basic penetration of slightly less than 50%.

The company's U.S. cable tv systems are owned through two principal holding companies. The first, Rogers Cablesystems of America, contains about 350,000 basic subscribers. Nearly 60% of these subscribers are in the San Antonio, Tex., system, which increased its rates for basic from $6 to $9 a month in December, 1984, resulting in a substantial revenue increase.

The company's other U.S. group, Rogers U.S. Cablesystems, includes systems in the Minneapolis and Portland, Ore., areas and parts of Los Angeles and Orange counties in Southern California. The last group still is operating below its potential, according to officials from the parent company.

Rogers U.S. Cablesystems' Syracuse franchise was sold in 1985 "to reduce our total long-term debt," says Graham Savage, vp-investment planning. The same holding company is considering the sale of its California group by yearend, although a final decision has not been reached by the company. "California has been a difficult area for us to operate in so we might decide to sell," Mr. Savage says.

The California life style, with an emphasis on outdoor activities, could be partly responsible for the lack of cable tv's success, he says, although he adds that the 18 off-air signals in the area represent "probably more off-air signals than anywhere else in North America."

Gross revenue in Canada showed a 15.7% increase. Each of the 14 cable tv systems in Canada experienced growth in basic subscribers during 1985. Almost 34,700 subscribers were added nationally, with three-quarters of these added in the province of Ontario, 15% in Alberta and 10% in British Columbia.

At the end of its fiscal 1984, pay tv services in Canada had stalled at a penetration of 11% of basic subscribers, and the churn rate was pushing up operating costs. The situation improved dramatically in 1985 with the introduction of specialty services—CNN News and Much Music. "Those specialty packages have improved the value of the service when you combine with pay service. As a result we doubled our subscribers in 1985 and our penetration rate as of now is already 28%," Mr. Savage says.

In 1985, the Canadian Radio-television & Telecommunications Commission, the regulatory body of the industry, allowed the two national pay services to operate in an exclusive regional area, in effect splitting the country. While the loss of pay subscriber units due to move was significant, the stabilization of the pay networks was the first step in relaunching discretionary services to subscribers. For cable companies like Rogers the change was viewed as necessary. "There was a strong chance that a two pay service industry could not survive otherwise," Mr. Savage says.

The cable industry, however, must still do battle with the CRTC on a few topics. For example, government policy allows individuals to own backyard earth stations and to receive any programs available, whether they are subscribers or not. Yet the CRTC will not allow a cable subscriber access to some of those same signals. The government will not allow cable companies to compete with video stores renting movies by means of pay-per-view movies offered by the cable company.

"We are doing it in the U.S.—pay-per-view—and we find our subscribers enjoy the product," Mr. Savage says. The company has not yet given up, however, and still lobbies the CRTC.

MEDIA PROPERTIES

Cable/video

SYSTEMS: U.S. Cablesystems: CALIFORNIA: La Mirada, Rossmoor. MINNESOTA: Minneapolis (southwest suburbs, 75% interest). OREGON: Portland (50% interest). UA-Columbia Cablevision: ARIZONA: Yuma. ARKANSAS: Bay, Bonanza, Fort Smith, Greenwood, Hackett, Jonesboro, Lake City, Luxura, Manila, Osceola, Roland. CALIFORNIA: Brawley, Calexico, El Centro, Hotville, Imperial, Westmoreland. COLORADO: Aspen, Basalt, Rifle, Snowmass. FLORIDA: Fort Pierce, Vero Beach. KANSAS: Marysville, Pittsburg. MASSACHUSETTS: North Attleboro, Taunton. NEBRASKA: Beatrice. NEW JERSEY: Allendale, Bloomingdale, Bogota, Butler, Cedar Grove, Clifton, Elmwood Park, Garfield, Glen Rock, Hackensack, Haledon, Hasbrouck Heights, Hawthorne, Hillsdale, Ho-ho-kus, Kinnelon, Lincoln Park, Little Falls, Lodi, Maywood, Midland Park, Montville, North Caldwell, North Haledon, Nutley, Oakland, Paramus, Park Ridge, Passaic, Pequannuck, Pompton Lakes, Prospect Park, Ramsey, Ridgewood, Ringwood, Riverdale, River Edge, Rochelle Park, Saddle Brook, South Hackensack, Teaneck, Totowa, Upper Saddle River, Waldwick, Wanaque, Wayne, Washingon Township, West Paterson, Westwood, Wood Ridge, Wyckoff. NEW MEXICO: Alamagordo. NEW YORK: Ardsley, Bellport, Bronxville, Brookhaven, Dobbs Ferry, Eastchester, Elmsford, Greenburg, Hastings-on-Hudson, Irvington, Lake Grove, New Rochelle, Patchogue, Pelham, Pelham Manor, Scarsdale, Tuckahoe, White Plains. OKLAHOMA: Arkoma, Krebs, McAlester, Muldrow, Sallisaw. OREGON: Hermiston, Pendleton, Pilot Rock, Stanfield. TENNESSEE: Fayetteville, Lawrenceburg, Pulaski. TEXAS: Alamo Heights, Balcones Heights, Balinger, Baxar County, Castle Hills, Cibolo, Comol County, Converse, Fort Sam Houston, Gainesville, Guadelupe County, Hill City Village, Hollywood Park, Kirby, Laredo, Leon Valley, Live Oak, Miles, Mount Pleasant, Mount Vernon, Pittsburg, Randolph Air Force Base, San Angelo, San Antonio, Schertz, Selma, Terrell Hills, Universal City, Windcrest, Winters. WASHINGTON: Kennewick, Pasco.

RANK **96**

Rollins Communications

Atlanta

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	100	86	16.8
Total sales	100	86	16.8
Net income	12	10	21.2

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	27	24	15.2
Cable	47	39	21.6
Outdoor	25	23	10.4

Rollins Communications Inc. added modestly to its stable of media properties as it increased net income 21.2% on a 17% growth in revenues during its fiscal year ended June 31, 1985. The company also opened itself to acquisition in mid-June, 1986, by selling 43.5% of its stock to Heritage Communications Inc., Des Moines.

The Rollins family reports that its stock sale, amounting to 6.4 million shares for $260.4 million in cash and notes, is the first step toward a possible merger of Heritage and Rollins.

During 1985, Rollins bought KAUT, Oklahoma City, for $5.6 million from Gene Autry's former wife, Ina, for its first independent uhf station. It has three network affiliates. Rollins also boosted its total number of cable subscribers by 6.6%, many of those at the new Rollins CableVision operation in Philadelphia, one of four cable franchises in that market.

Atlanta-based Rollins Communications, which also owns six radio stations, five cable tv operations and nine outdoor advertising units, ranked the 96th largest media company. It is one of three companies spun off in 1984 from divisions of Rollins Inc. Rollins Inc. is now the title only for the pest control business through its Orkin Pest Control Co., and Rollins Protective Services Co. handles the fire and burglar alarms.

In the first three quarters of its 1986 fiscal year, the company's revenues have continued to increase at a 13% to 14% clip. In the third quarter, which closed March 31, revenues were $27.1 million, 14.3% ahead of the corresponding period a year earlier. The investment firm of Robinson Humphrey Co., Atlanta, predicts per share earnings of 94 cents this year compared with 82 cents in 1985.

Net revenues will hit an estimated $115 million in 1986, according to Michael E. Higgins, vp-chief financial officer of the admittedly conservatively run Atlanta-based media company. "We are perhaps not the flashiest, the most innovative or state-of-the-art company around," Mr. Higgins says, "but I think we have a reputation for generating strong cash flow. We are very stable and reliable."

The Oklahoma City station is dragging down profits somewhat, company officials say. While Mr. Higgins refused to discuss specific revenues from each of the tv properties, he acknowledges the independent station is likely to bring in only about a fifth or less of the estimated $9 million to $10 million produced annually by the three other stations, which cover all the networks—WEAR-TV, serving Pensacola, Fla./Mobile, Ala., is an ABC affiliate; WCHS-TV, serving Charleston/Huntington, W.Va., is CBS, and WPTZ, serving Plattsburgh, N.Y., Burlington, Vt., and Montreal, Canada, is NBC.

"But we don't measure our performance in television by revenue alone," Mr. Higgins says. "Television stations have usually tried to get a higher percentage of advertising income than might be reflected purely in the ratings. If you have a 17 share in a market, but you are bringing in only 10% of the advertising revenue, obviously you aren't doing your job. But if you can bring in 22%, then you are."

The company's philosophy is different for acquiring on-air tv stations versus its cable operations, Mr. Higgins says. In every case, the company has acquired an existing tv station; in the cable market, all of Rollins operations are startups.

The company has 207,000 cable subscribers in 43 cities—up only slightly from the 196,000 subscribers on-line in June, 1985. But the company projects its subscriber base in those cities eventually will grown to 317,000.

"We started in cable from scratch in about 1963," Mr. Higgins says. "We were pioneers in the urban market. When we built our system in Wilmington, Del., it was the first major urban cable system built in the country." The company's three New England cable operations and the Philadelphia and Wilmington franchises reflect the company's continuing emphasis on the urban market.

MEDIA PROPERTIES

Broadcasting

TV: WEAR-TV, Mobile, Ala./Pensacola, Fla; WPTZ, Plattsburgh, N.Y./Burlington, Vt.; WCHS-TV, Charleston/Huntington, W.Va.; KAUT, Oklahoma City.
RADIO: KDAY, Santa Monica, Cal.; WAMS, Wilmington, Del.; WBEE, Harvey, Ill.; WRAP, Norfolk/Portsmouth, Va.; WCHS, WBES (fm), Charleston, W.Va.

Cable/video

SYSTEMS: CONNECTICUT: Community Television System. MASSACHUSETTS: Rollins Cablevision of Northern Massachusetts, Rollins Cablevision of Southeast Massachusetts. PENNSYLVANIA: Rollins Cablevision of Philadelphia. RHODE ISLAND: Bellevue Cablevision, Narragansett Cablevision Corp.

Other media operations

Rollins Outdoor Advertising.

RANK **77**

Sammons Communications

Dallas

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	132	120	10.0
Total sales	132	120	10.0
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	132	120	10.0
Outdoor	—	—	—

Sammons Communications, Dallas, a wholly owned subsidiary of $1 billion Sammons Enterprises Inc. and the nation's 77th largest media company, boosted its media revenues, all from cable, by 11% almost matching an 11.4% increase in basic cable subscribers in 1984 and 11.8% increase in pay subscribers in 1985.

Sammons is the largest privately held multiple system operator in the nation. At the end of 1985, the company had 724,838 basic subscribers and 668,108 paid subscribers, ranking it 13th among U.S. multiple system operators—down from 12th in 1984.

Spokesman Jim Rosene attributed the slip to the acquisition fever that has dominated the cable industry in recent months. High demand for cable properties has pushed prices up. Mr. Rosene says Sammons is very cautious about its purchases, and seeks a high ratio of equity to debt.

"The prices are being run up by companies that don't intend to operate the systems they buy, but when we buy a system, we operate it," Mr. Rosene says.

But in a cable marketplace where a few giants are gobbling up small and large properties, Mr. Rosene says Sammons still is looking for good buys and intends to continue growing, although that growth may be slowed by the inflated prices.

"We're not anticipating any merger or sell out," Mr. Rosene says. "And we continue, in the current climate, to be anxious to expand."

For example, he says Sammons was among the companies in a consortium seeking the purchase of Westinghouse's Group W Cable. Group W eventually sold for $2.1 billion to a consortium including Tele-Communications Inc., American Television & Communications, Comcast Corp., Daniels & Associates and Century Communications. Sammons dropped out, Mr. Rosene says, "when the bidding got up into the stratosphere."

Sammons succeeded with several purchases, however. In August, CBS agreed to sell Sammons its 19,000-subscriber Blackhawk System in suburban Fort Worth, Tex., for an estimated $21 million. Earlier buys consolidated into the Sammons system during 1985 included the systems in Seneca, Mo.; Denton, Tex.; Tuskegee, Ala.; 10 systems in the Harrisburg, Pa., area purchased from TCI, and, from Storer Cable Communications, systems near Dallas-Fort Worth in Hurst, Keller, North Richland Hills, Haltom City, Midlothian, Waxahachie, Everman and Mansfield, Tex.

The acquisitions are typical of the kind of properties Sammons seeks—most are contiguous to Sammons systems, and most are in small to medium-size communities. Mr. Rosene estimates the average Sammons system numbers 15,000 to 20,000 subscribers. To date, Sammons has shunned large metropolitan areas, its largest operation being the nearly 70,000-subscriber Fort Worth system.

During 1985, Sammons unplugged the two-way capability of its Fort Worth system, finding it "not currently productive."

Under that arrangement, Fort Worth subscribers had been able to bank, pay bills and use other services through their cable hookup. The hardware for the two-way hookup remains in place in Fort Worth and selected other systems should the service become feasible.

The company is involved in a massive rebuilding of the Harrisburg, Pa., system that began in September, 1984, and will continue until the last quarter of 1986. Sammons has been upgrading its Harrisburg system from 12 channels to 36 and developing new tier structures. There are 73,465 basic subscribers and an additional 47,520 paid in the system.

Sammons is decentralized in its marketing approach, tailoring its promotions to individual areas. Marketing emphasizes print, radio, direct mail, insertion on cable networks and some co-op advertising with the premium channels.

MEDIA OPERATIONS

Cable/video

SYSTEMS: ALABAMA: Chambers Co., Franklin Co., Lanett, Littleville, Moulton, Russellville, Tuskegee, Valley. CALIFORNIA: Burbank, Ceres, Glendale, La Canada, La Crescenta, Merced Co., Stanislaus Co., Sylmar, Turlock, Whittier. CONNECTICUT: Middlebury, Plymouth, Prospect, Waterbury, Wolcott. FLORIDA: Live Oak. GEORGIA: Harris Co., Troup Co., Pine Mountain (town), Pine Mountain (unincorp. outside Troup City), Pine Mountain (unincorp. outside Harris Co.), West Point. ILLINOIS: Bruce, Dayton Township, Dwight, Eagle, Jacksonville, S. Jacksonville, Kangley (village), Marseilles, Morgan Co., Naplate, Ottawa, Otter Creek, Pontiac, Reading, Streator. INDIANA: Logansport. IOWA: Estherville, Graettinger, Emmet Co. KENTUCKY: Middlesboro. LOUISIANA: Concordia Parish, Vidalia. MISSISSIPPI: Adams Co., Brookhaven, Escatawpa, Gautier, Jackson Co., Lincoln Co., Magnolia, McComb, Moss Point, Natchez, Pascagoula, Pike Co., Summit (town of). MISSOURI: Neosho, Seneca. NEW JERSEY: Absecon, Alpha, Bloomsbury, Boonton (town), Boonton (township), Chatham, Denville, Dover, East Hanover, Egg Harbor Township, Florham Park, Galloway (township), Greenwich (township), Hanover, Harmony Township, Hopatcong, Jefferson (township), Linwood, Lopatcong, Madison, Mine Hill, Montville, Morris, Morris Plains, Morristown, Mount Arlington (boro), Mount Olive Township, Mountain Lakes (boro), Netcong, Parsippany-Troy Hills (township), Phillipsburg, Pleasantville, Pohatcong, Randolph, Rockaway Township, Rockaway (boro), Roxbury Township, Somers Point, Stanhope, Victory Gardens (boro), Wharton. NEW YORK: Amity (town), Andover (town), Andover (village), Belmont (village), Benton, Cortland, Cortlandville, East Hampton (town), East Hampton (village), Gloversville, Homer (town), Homer (village), Jerusalem, Johnstown, Johnstown (town), Mayfield (town), Mayfield (village), McGraw, Milo, Penn Yan, Scio, Wellsville (town), Wellsville (village), Willing (village). NORTH CAROLINA: Black Mountain, Buncombe Co., Buncombe Co. (Riceville), Canton, Clyde, Hazelwood, Lake Junealuska, Maggie Valley, Montreat, Waynesville (Haywood Co.). OKLAHOMA: Clinton, Elk City. PENNSYLVANIA: Bensalem (township), Bethlehem, Biglerville, Butler, Carroll, Camp Hill (boro), Cornplanter, Cranberry, Cumberland, Dauphin (boro), East Pennsboro (township), Easton, Emmaus, Fairview, Falls (township), Fleetwood, Forks Township, Gettysburg, Glendon, Hampden (township), Highspire (boro), Harrisburg, Lemoyne (boro), Lower Allen, Lower Macungie, Lower Mount Bethel, Lower Paxton (township), Lower Southampton, Lower Swatara (township), Macungie, Maiden Creek, Marysville (boro), Mechanicsburg, Middle Paxton (township), Middleton (boro), Monroe Township, Morrisville (boro), New Cumberland (boro), Oakland (township), Oil City, Palmer, Paxtang (boro), Pennbrook (boro), Plainfield, Richmond, Roseville (boro), Royalton (boro), Ruscombmanor, Salisbury (township), Shiremanstown, Silver Spring, Steelton (boro), Stockertown, Strayban, Sugarcreek (boro), Susquehanna (township), Swatara (township), Tullytown (boro), Upper Allen, Upper Milford, Upper Southampton (township), Warminster, West Easton, West Fairview (boro), West Hanover (township), William, Wilson, Wormleysburg (boro). TENNESSEE: Bristol, Carter Co., Cocke Co., Elizabethton, Hamblen Co., Johnson City, Morristown, Newport, Sullivan Co., Washington Co. TEXAS: Benbrook, Blue Mound, Borger, Burleson, Cleburne, Crowley, Denton, Duncanville, Edgecliff Village, Everman, Forest Hill, Fort Worth, Fritch, Haltom City, Highland Park, Hurst, Keller, Kennedale, Lake Worth, Mansfield, McLean, Midlothian, North Richland Hills, Pampa, Panhandle, Richland Hills, Saginaw, Stinnett, Sunray/Dumas, University Park, Watauga, Waxahachie, Weatherford, Westover Hills, White Deer, White Settlement. VIRGINIA: Allegheny Co., Bristol, Clifton Forge, Colonial Heights, Covington, Fort Lee, Iron Gate, Petersburg, Washington Co. WASHINGTON: Adams Co., Ephrata, Grant Co., Moses Lake, Othello, Soap Lake.

RANK

18

Scripps Howard

Cincinnati

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	900	829	8.6
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	702	651	7.8
Magazine	50	49	2.0
Broadcast	135	118	14.0
Cable	14	11	27.3
Outdoor	—	—	—

Scripps Howard doubled the revenue potential for its broadcasting division by buying two tv stations in major markets in 1985, announced its intention to buy out a partner in a multistate cable tv venture, closed yet another of its daily newspapers and elected a new chief executive officer.

The Cincinnati-based company, ranked the 18th largest media company, announced March 14, 1986, its agreement to merge with the John P. Scripps newspaper group, which publishes six dailies and four weeklies in California and a daily in Washington. The John P. Scripps group is controlled by a different branch of the Scripps family.

The corporation's media holdings will include 20 daily and 46 nondaily newspapers after the merger. In addition, it has tv, radio and cable tv interests through Scripps Howard Broadcasting Co., Cleveland. The publicly though closely held broadcast company had 1985 revenues of $134.5 million, up 14% from the previous year. The broadcast company's net earnings totaled $30.9 million, up 70.4% from 1984.

Scripps Howard Broadcasting took over WXYZ-TV, an ABC affiliate in Detroit, and WFTS, a Tampa independent, in January after paying Cap Cities/ABC $246 million, with $220 million reportedly going for just the Detroit property. The purchases raised Scripps Howard's nationwide coverage of tv households to 9% from 5.9%, putting it in the top 10 of group owners. Industry sources said at the time of the sale that the two tv properties will nearly double annual revenue for Scripps Howard Broadcasting.

The only broadcast property sold was KMEO (am, fm), Phoenix, Ariz. Scripps Howard agreed in September to sell the station to Group W Broadcasting, New York. Terms of the sale were not disclosed. Scripps Howard had acquired KNXV-TV, Phoenix, in January, 1985, and, because of FCC regulations against media cross-ownership in the same market, had to sell the radio combo.

The last edition of the Columbus, O., *Citizen-Journal* was published Dec. 31, 1985. The Dispatch Publishing Co., owner of the competing Columbus *Dispatch*, had declined to extend the newspapers' joint operating agreement, and Scripps Howard was unable to line up a buyer. A group headed by Akron-area businessman Nyles Reinfeld bought the rights, but failed to line up suppliers and the additional investors needed to keep the newspaper publishing.

The company restructured other JOAs with Gannett Co. for its Knoxville, Tenn., and El Paso, Tex., papers. Under the new JOA terms, Scripps Howard's *News Sentinel* in Knoxville will switch to morning on July 1, 1986, with Gannett's *Knoxville Journal* moving to evening. Gannett will get a minority partnership increase in the JOA from 22.5% to 25%. In El Paso, Gannett became the business and production agent and the profit split was altered from 50/50, although the parties would not discuss the new split.

Scripps Howard and Tele-Communications Inc. announced March 13, 1986, their intent to end their cable tv partnership organized in 1983. TCI will sell its 50% interest in TeleScripps Cable Co. to Scripps Howard for $78 million. Acquisition of the TeleScripps cable systems in the Southeast will provide Scripps Howard an additional 265,814 cable subscribers, raising its nationwide total to about 375,000 and placing Scripps Howard among the top 25 multiple system operators.

Robert K. Doerr, corporate communications director, says Scripps Howard plans to continue expanding its cable operations. In addition to gaining sole ownership of TeleScripps, the company is building in California what will be its largest single cable tv system. Sacramento Cable Television, established last year, already is serving about 12,000 subscribers, Mr. Doerr says, and the community has 350,000 households with potential customers. The system is scheduled to be finished in 1988.

Scripps Howard directors elected Lawrence A. Leser last June to serve as president-ceo. He took the place of Edward W. Estlow, who retired July 1. The company's new head had been exec vp since June, 1984. A graduate of Xavier University, Cincinnati, Mr. Leser joined Scripps Howard in 1968 as secretary-treasurer.

Scripps Howard bought 15 weeklies and two shoppers in July, 1985, from Hearst Corp. Eight of those weeklies from Hearst Community Group are located in communities adjoining an area served by Scripps Howard Southern California Publishing Co. They were folded into that group. The remaining seven weeklies and two shoppers were the Hillsborough Community Newspapers in Florida.

In addition to the Hearst buys, the company purchased the *La Mirada Lamplighter* and *Buena Park News* in Southern California from Knight-Ridder, the *Polk County Shopper*, Lakeland, Fla., from Thomson Newspapers and Kartes Video Communications, an Indianapolis marketer of home video products.

One disappointment for Scripps Howard was the collapse of its first videotex effort, a partnership with Knight-Ridder and other investors. Last October the two companies started Viewtron/Pittsburgh, but the project ended in March when Knight-Ridder pulled out.

"We had planned to go into our three key newspaper markets—Pittsburgh, Denver and Memphis," Mr. Doerr says. "Last September we announced that if Pittsburgh worked, Scripps Howard may start [the other] videotex services. It was hoped to be the beginning of a videotex experiment that would move into the other cities." Knight-Ridder, however, is not alone in pulling out of videotex operations. Times Mirror also ended its experiment last year.

Another recent project was the construction of a $50 million complex for the *Albuquerque Tribune*. The new downtown plant provides 286,000 sq. ft., including 9,000 sq. ft. for the newsroom, twice the space available for the editorial staff in the newspaper's old facility.

Mr. Doerr reports the merger with the John P. Scripps newspaper group will add about 263,000 in daily circulation and 100,000 in Sunday circulation. The communications director says Scripps Howard then will have total daily circulation of about 1.5 million and Sunday circulation of 1.7 million.

Circulation competition continues between *Rocky Mountain News*, Scripps Howard's largest newspaper, and the rival *Denver Post*, a Times Mirror property. The *Post's* Sunday circulation rose to 412,102 as of March 31, 1986, up 19.4% from the year-earlier ABC auditing period because of a gain in circulation from a cable program guide. The *News'* Sunday circulation dropped 2% to 378,133 in the same period. The *News* retained its lead in daily circulation with a total of 320,441, down 2.7%. The *Post's* circulation rose 2.4% to 220,861.

Cordovan Corp., purchased by Scripps Howard in 1980, was changed to Scripps Howard Publications Inc. The company sold *Jet Cargo News* to Hagall Publishing Co., Houston, effective Dec. 31, 1985.

MEDIA PROPERTIES

Broadcasting

TV: WCPO-TV, Cincinnati; WEWS, Cleveland; WMC-TV, Memphis, Tenn.; WPTV, West Palm Beach, Fla.; KJRH, Tulsa, Okla.; KNXV-TV, Phoenix, Ariz.; KSHB-TV, Kansas City, Mo.; WXYZ-TV, Southfield, Mich.; WFTS, Tampa, Fla.

RADIO: WMC (am, fm), Memphis; KUPL, Portland, Ore.; WBSB (fm), Baltimore.

Cable/video

SYSTEMS: CALIFORNIA: Sacramento, Tulare County. COLORADO: Denver, Fort Lupton, Lafayette, Longmont, Louisville, Parachute. CONNECTICUT: Bridgeport/Fairfield County. FLORIDA: De Bary, Jasper, Leesburg, Madison. GEORGIA: Blue Ridge, Calhoun, Elberton, Homerville, North DeKalb, Rome, Tallapoosa, Walker County, Waynesboro. INDIANA: Tell City. KENTUCKY: Barbourville, Campbellsville, Elizabethtown, Glasgow, Greenville. SOUTH CAROLINA: Newberry. TENNESSEE: Chattanooga, Knoxville, Gray, Greensville, LaFollette, Livingston. VIRGINIA: Glade Springs/Abingdon. WEST VIRGINIA: Bluefield.

Magazines

Scripps Howard Publications Inc. (formerly Cordovan Corp.)—*Atlanta Business Journal, Dallas/Fort Worth Business Journal, Horseman, Houston Business Journal, Los Angeles Business Journal, Phoenix Business Journal, Puget Sound Business Journal, Rocky Mountain Business Journal, San Diego Business Journal, San Francisco Business Journal, South Florida Business Journal, Texas Fisherman, Washington Business Journal, Western Outfitter.*

Newspapers (dailies)

ALABAMA: *Birmingham Post-Herald.* COLORADO: *Rocky Mountain News* (Denver). FLORIDA: *Stuart News, Sun-Tattler* (Hollywood). INDIANA: *Evansville Press.* KENTUCKY: *Kentucky Post* (Covington). NEW MEXICO: Albuquerque Tribune. OHIO: *Cincinnati Post.* PENNSYLVANIA: *Pittsburgh Press.* PUERTO RICO: *San Juan Star.* TENNESSEE: *Commercial Appeal* (Memphis), *Knoxville News-Sentinel.* TEXAS: El Paso Herald-Post.

Newspapers (nondailies)

CALIFORNIA: Alhambra Post-Advocate, Bell/Maywood/Cudahy Industrial Post, Bellflower/Paramount Herald American, Bell Gardens Review, Buena Park News, Compton/Linwood Herald American, Downey Herald American, East Los Angeles Gazette, East Los Angeles Tribune (Montebello), *Fullerton News Tribune, Huntington Park Bulletin, La Mirada Lamplighter, Montebello Commerce Tribune, Montebello News, Monterey Park Progress, Norwalk Herald American, Pico Rivera News, San Gabriel Progress* (Alhambra), *Santa Fe Spring News* (Pico Rivera), South Gate Press, South San Gabriel/Rosemead Progress (Monterey Park), *West Whittier Independent* (Pico Rivera). FLORIDA: *Brandon News, Brandon Weekend, Carrollwood News* (North Tampa), *Courier-Journal* (Jupiter), *Destin Log, East Bay Breeze* (Apollo Beach), *Fort Walton Beach Log, Jensen Beach Mirror, Palm City Mirror* (Palm City/Indiantown), *Plant City Courier, Port St. Lucie Mirror, Port Salerno-Hobe Sound Mirror, Stuart Mirror, The Sun* (Sun City Center), *Twin-Cities Log* (Niceville/Valparaiso). KENTUCKY: *Grant County News* (Williamstown), *Kentucky Standard* (Bardstown), *Mount Washington Star, Pioneer News* (Shepherdsville). OHIO: *Canton Free Press.*

Other media operations

Berkley Small Inc., Berkley-Small Manufacturing Co., George R. Hall Inc. (Hall Systems), Gulf Coast Newspapers, Kartes Video Communications, Print Communications Group (American Field Marketing, Central Ohio Advertisers, Consumer Communication Services, PaperMINT, Pro Distributing Company, Saneck International), Scripps Howard Supply Co., Scripps Howard News Service, SCW Inc. (Charles Martin & Associates), Southern News Rack Co., United Media (Literary Properties, Newspaper Enterprise Assn., TV Data, TV Decisions, TV Extra, TV Update, United Features Syndicate, United Media Cable Services, United Media Canada, United Media Electronic Services, United Media Licensing, United Media Productions, World Almanac Education, World Almanac Publications).

'Newsweek' leads in promos

The leading ad spenders among magazines in self-promotion in 1985 were *Newsweek*, $3 million in spending; *Sports Illustrated*, $2 million; *Family Circle*, $1.5 million; *Inc.*, $958,500; and *Elle*, $912,900, according to LNA, a national advertising monitoring service.

Deliver
Your Message
With Impact
SALE

Three dimensional lettering for

- Exhibits
- P.O.P.
- Displays
- Signage
- Models
- Photo Props
- Showcases
- Kiosks

CALL TOLL-FREE
1-800-237-9447
FOR FREE CATALOG

HEADQUARTERS
Scott Plastics Co.® Sarasota, FL
P.O. Box 1047, Tallevast, Fl. 34270
(813) 355-5171

WESTERN FACILITY
Scott Plastics Pacific Co.®
P.O. Box 1446, Freeport Center
Clearfield, Utah 84016 (801) 773-9940

EASTERN FACILITY
Scott Plastics Atlantic Co.®
P.O. Box 1387, 22 West Duck Street
Front Royal, Va. 22630 (703) 635-7186

Name
Title
Company
Street
City State
Zip Phone

Seattle Times Co.

RANK **66**

Seattle

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	170	150	13.5
Total sales	170	150	13.5
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	170	150	13.5
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Change comes slowly to the conservatively managed Seattle Times Co., ranked the nation's 66th largest media company. It neither bought nor sold properties in 1985, although revenues increased by 13% at the all-newspaper company. "We are a very inwardly focused company," says H. Mason Sizemore, president.

Times managers are studying a plan to build a $45 million-plus production facility, including offset presses and modern mailroom equipment, adjacent to the company's headquarters on the fringe of downtown Seattle or at an undisclosed suburban location.

The company's present mailroom limits its ability to handle the growing preprint business, Mr. Sizemore says. "We simply don't have the space and the flexibility to handle that with ease in this building."

Management's focus in recent years has been increasing editorial quality of the *Seattle Times*, the company's evening flagship, and an advertiser service, says Frank A. Blethen, who became publisher in March, 1985, after the death of W. J. (Jerry) Pennington in a boating accident. In recent years, the newsroom budget has been supplemented by $1 million a year. Times also owns the *Walla Walla Union-Bulletin*.

The company has moved to strengthen circulation by adding more sales locations and replacing contract vendors with employes and has continued an emphasis on newspaper design that has won numerous awards. "We just think that's our lifeblood," Mr. Blethen says.

The evening *Times'* six-month ABC average circulation ended March 31, 1986, was 230,509, up 1.1% from the period a year earlier. During the same period, the morning Seattle *Post-Intelligencer*, a Hearst Corp.-owned paper circulated by the Times under a 3-year-old joint operating agreement, increased its circulation to 202,305, up 2.7%. The combined Sunday edition, in which the *P-I* has four editorial pages but no news pages, had a circulation of 490,105, up 2.7%.

Despite the greater circulation gain for the *P-I* in the most recent period, the *Times* continues to lead in most zones in the primary market area, Mr. Sizemore adds. The combined penetration of the *Times* and *P-I* is among the highest for any metropolitan area.

Ad volume, weak in 1983 because of a slow economy in the Pacific Northwest and the impact of joint operations with the *P-I*, grew at a strong annual rate of 11.2% in 1984. But in 1985, *Times* ad volume rose just 0.68%, the *P-I* rose 2.1% and the Sunday paper 0.61%, for an over-all increase of just 1%. "This continues to be a soft economic market and advertising continues to be soft," Mr. Blethen says.

For the first quarter of 1986, ad sales rose 1.06% in the *Times* and 24.47% in the *P-I*, but shrank 4.24% in the Sunday paper. But the disappointing first-quarter figures for the *Times* were expected. "You're not seeing the growth of local retail advertising that you would like to see," Mr. Blethen says.

With advertising sales relatively flat, much of the revenue gain for 1985 was because of advertising rate increases that averaged 6%; in 1984, when revenue grew 11.2%, ad rates were raised 7%.

Times Co. continues efforts to revitalize its locally edited Sunday magazine, *Pacific*, which lost most national advertising to *Parade* (included in the Sunday package) when the JOA began. Advertising volume increased 103% in 1985 over 1984; first-quarter 1986 figures rose 14% over the same period in 1985.

Increasingly, Times management is emphasizing its service to advertisers. "We are much more today a market-driven company than we have ever been before," Mr. Sizemore says.

In 1984, Times increased the frequency of publication of its total market coverage product, *A Slice of the Times*, from monthly to weekly. Distributed to 296,600 homes in the Seattle area, the publication is anchored by the Pay'n Save Corp., one of the region's largest retailers, which buys one-third to one-half the advertising in the publication, says R.E. Hallowell, the Times' vp-finance.

In 1985 the company appointed a senior technical employe for advertising quality control, the first time the paper has had such a position. "We always talked about quality; now we're doing something about it," Mr. Blethen says.

Also last year the Times Co. boosted from weekly to daily the frequency of its zoned edition for Bellevue, a growing Seattle suburb, where it faces strong competition from the Bellevue *Journal-American*. Mr. Blethen says the *Times* outsells the *Journal American* 2-to-1 in Bellevue. "We are the dominant newspaper . . . despite some very good suburban papers," Mr. Sizemore says. In addition to the J-A, the *Times* market is ringed by the Washington Post Co.-owned *Everett Herald* and the McClatchy-owned *Tacoma News Tribune*.

Late last year, the company created a small direct marketing subsidiary, Direct Marketing of Puget Sound. The subsidiary will give the Times control over the nonsubscriber list for its tmc product. In the future, the Times may make its circulation and mailing lists available to outsiders through this unit.

Although the Times has no plans to diversify beyond newspapers, it is always interested in acquiring other newspapers, Mr. Blethen says.

The company continues to participate in Data Times, an Oklahoma City research service that puts newspaper coverage on-line for electronic retrieval.

A decision this year by Knight-Ridder to pull out of a joint venture with the Times on videotex has not soured the Times on the possibilities of that medium, Mr. Blethen says. The Times will continue to look for ways to profit on its news and advertising databases, he says. "There's no question we've got a valuable resource" in those databases.

The Blethen family of Seattle continues to own 50.5% of the company's voting stock; Knight-Ridder Newspapers owns the balance of the voting stock, plus 65% of an issue of nonvoting stock.

MEDIA PROPERTIES

Newspapers (dailies)

WASHINGTON: *Seattle Times, Walla Walla Union-Bulletin.*

OTHER OPERATIONS

Data Times.

Stauffer Communications

RANK **98**

Topeka, Kan.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	96	89	8.3
Total sales	114	105	8.6
Net income	7	6	9.8

Sales by media	1985	1984	% chg
Newspaper	60	58	3.8
Magazine	14	12	21.0
Broadcast	21	19	14.4
Cable	—	—	—
Outdoor	—	—	—

Stauffer Communications Inc., largely a newspaper company, has directed its interests into tv the past two years, picking up a station in Columbia, Mo., in 1985 and negotiating to buy another, KYCU in Cheyenne, Wyo., in 1986.

The Topeka, Kan.-based company experienced 10.5% growth in net income on revenues that increased 8.3% in 1985. The company's stock experienced a surge in 1985 from $52 in January to $120 a share at yearend. Dividends paid were up 17.6% and the year's $2 cash dividend represented a payout of nearly 30% of 1985 earnings.

In 1986, company revenues should be stimulated by the addition of the Wyoming station and the Kansas City Royals' World Series victory in 1985, which brought about a dozen more stations to Stauffer's Royals radio network, now totaling 120 stations.

Stauffer, the 98th largest media group, still derives most of its revenues from newspapers—21 daily newspapers in eight states. Other media include seven radio stations; a national periodical, *Grit*; a regional periodical, *Capper's Weekly*, with circulation in six midwestern states; a cable tv company in Amarillo, Tex., and an information network and an agriculture network in addition to the Royals coverage.

Its flagship newspaper, the *Topeka Capital-Journal*, circulated 67,049 daily and 76,905 Sunday, according to ABC six-month averages ended March 31, 1986. The daily is up 1.1% over the previous year; the Sunday paper, up nearly 2%. Newspapers represent 63% of total media revenues at Stauffer.

Stauffer is keeping its eye out for new properties. "We're always looking," treasurer William D. Duckworth says. Stauffer started 1985 by buying what was then KCBJ-TV in Columbia, Mo.—now KMIZ-TV—for $4.5 million. Mr. Duckworth says the station, which also serves the Jefferson City and Sedalia areas of Missouri, produced revenue of $1.9 million in 1985. KMIZ-TV is an NBC affiliate.

Now Stauffer is negotiating the purchase of KYCU-TV, but it won't disclose the price offered. According to senior vp John H. Stauffer, KYCU-TV's signal would be sent from Cheyenne to satellite stations in Scott's Bluff, Neb., and Sterling, Colo. Broadcasting has grown from 13% of total media revenues in 1984 to 15% in 1985.

Stauffer also added a weekly paper in 1985, the *East Lycoming County Shopper*, outside Williamsport, Pa., and the Kansas Information Network, a news network serving 26 radio stations in Kansas with state news.

In his message to shareholders, president Stanley H. Stauffer says an improvement in the local economy in Topeka, home to several company enterprises, points to continued growth in 1986. It had long been feared, for example, that the Santa Fe Railroad might close Topeka operations and move to Chicago or Galveston, Tex., taking 2,500 employes with it. But Santa Fe decided to stay and put up a new office building.

The farm economy is another matter, and one that affects many Stauffer properties. Mr. Duckworth is cautious about it, but says it's on the "upgain." John Stauffer thinks it is one of the few economic sectors not improving.

Growth in audience shares for several of its broadcast units will bring about revenue gains in 1986, as will the Kansas City Royals baseball network, which Stauffer will retain the rights to operate at least through 1988. Company officials say advertising time for the ball game broadcasts is virtually sold out before the season starts.

The late Oscar S. Stauffer built this communications empire from a single weekly in Peabody, Kan., in 1915. Nine years later, he purchased his first daily newspaper, the *Arkansas* (Kan.) *City Traveler*. By 1930, six dailies were combined to form Stauffer Publications Inc. Oscar Stauffer died in 1982 at age 95.

Stauffer Communications, in addition to its cable, broadcast and newspapers, owns *Grit*, Williamsport, a family-oriented periodical that appeals particularly to small towns and rural America. *Sunday Grit* reaches 31,500 subscribers in Pennsylvania. The ABC six-month average as of Dec. 31 for *National Grit* is 573,989. "There's a little bit of something in it for everyone in the family," says a *National Grit* circulation aide. The weekly *National Grit* costs 65 cents a single issue.

Stauffer also operates a telephone systems company, markets software systems for newspaper advertising and circulation, takes attitude surveys for the media, distributes equipment and supplies for newspapers throughout the Midwest and operates several retail computer stores. It further operates an insurance company, book clubs and a travel and tours agency.

A testimony to the strength of Stauffer has been the movement of its stock. With newspapers beginning to sell at top dollar, brokers are reassessing their pricing of newspaper companies. Heavy demand for the stock was created after estimates reported in early 1986 that Stauffer stock was considerably undervalued.

Stauffer has about 1 million shares outstanding, only about 5% of which is outside control of the Stauffer family, board members or employes. An additional 10 million shares were authorized at the annual meeting.

MEDIA PROPERTIES

Broadcasting

TV: WIBW-TV, Topeka, Kan.; KMIZ-TV, Columbus, O.; KCOY-TV, Santa Maria, Cal.;

RADIO: WIBW (am, fm), Topeka; KGNC (am, fm), Amarillo, Tex.; KRNT/KRNQ; Des Moines, Ia.; KGFF, Shawnee, Okla.; Kansas City Royals Radio Network.

Cable/video

CHANNELS: Kansas Agriculture Network (Topeka), Kansas Information Network (Topeka).

SYSTEMS: TEXAS: TV of Amarillo-Amarillo.

Magazines

KANSAS: *Capper's Weekly* (Topeka).

PENNSYLVANIA: *Grit* (Williamsport).

Newspapers (dailies)

COLORADO: *Glenwood Post.* KANSAS: *Arkansas City Traveler, Newton Kansan, Pittsburg Morning Sun, Topeka Capital-Journal.* MICHIGAN: *Hinsdale Daily News, Holland Sentinel.* MINNESOTA: *Brainerd Daily Dispatch.* MISSOURI: *Blue Spring Examiner, Hannibal Courier-Post, Independence Examiner, Marshall Democrat-News, Maryville Daily Forum, Nevada Daily Mail.* NEBRASKA: *Beatrice Daily Sun, Grand Island Independent, York News-Times.* OKLAHOMA: *Daily Ardmoreite, Shawnee News-Star.* SOUTH DAKOTA: *Brookings Register, Yankton Daily Press & Dakotan.*

Other media operations

Capper's Insurance Service, Capper's Travel and Tours, Grit Printing, Grit Commercial Printing.

OTHER OPERATIONS

Communications & Signaling, Stauffer Media Systems, Computer Patch, Stauffer's Equipment & Supply Co.

Taft Broadcasting Co.

RANK **60**

Cincinnati

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	190	172	10.2
Total sales	375	454	(17.3)
Net income	49	39	24.4

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	190	172	10.2
Cable	—	—	—
Outdoor	—	—	—

Taft Broadcasting Co. became the first media group to reach the new FCC ownership ceiling of 12 tv, 12 am and 12 fm outlets with its July 31, 1985, purchase of five tv stations and seven radio properties from Gulf Broadcasting Co. for $760 million.

Taft, the 60th largest media company, simultaneously sold two of the Gulf radio stations and three of its own to CBS for $107.5 million to satisfy FCC rules banning the ownership of both tv and radio properties in the same market.

After the transactions, Cincinnati-based Taft ended up with 15 radio properties and 12 tv stations. The new tv outlets in booming Sunbelt markets raised Taft's coverage of the nation's tv households from 9% to 15%.

Taft's new tv stations are CBS affiliate KTSP-TV, Phoenix, Ariz.; ABC affiliate WTSP-TV, Tampa-St. Petersburg, Fla.; KTXH, a Houston independent; KTXA, a Dallas-Fort Worth independent, and ABC affiliate WGHP-TV, Greensboro-Winston Salem-High Point, N.C.

The Gulf radio properties Taft bought were WKLS (am, fm), Atlanta; KTXQ (fm), Dallas-Fort Worth; KLTR (fm), Houston; WFBQ (fm), Indianapolis, and WLTT (fm), Bethesda, Md. CBS bought KTXQ (fm), KLTR (fm) and WLTT (fm), along with Taft's WSUN and WYNF (fm), Tampa-St. Petersburg.

Revenues of media properties at the company rose 10.6% to $189.6 million in the fiscal year, 50% of total revenues of $375.3 million. Media in 1984 accounted for only 38% of revenues. The higher percentage of media in 1985 was because of a drop of 17.3% in total revenues from 1984 because of the company's sale of its theme parks. Operating profits for media companies rose 9% to $63.3 million. Over-all earnings were $85 million, up 23.5%.

The Gulf acquisitions increased the company's dependence on its broadcast arm. The spokesman says Taft's broadcast properties will generate about 60% of its revenue in the 1986 fiscal year. Broadcasting will provide about 70% of operating profits, compared with 65% in 1985.

The company will receive about 28% of its revenues and 24% of operating profit from its entertainment division in the current fiscal year, while leisure-time properties will account for 9% of revenues and 6% of operating profit, Taft projects.

Debt from the Gulf deal and the nationwide slump in advertising contributed to a short-term earnings decline for the company. Taft's third-quarter revenues totaled $136.5 million, up 27% from the year-earlier quarter, but earnings were down 38% to $8.4 million. The company spokeswoman says Wall Street analysts predict Taft will suffer a fourth-quarter loss of 20 to 30 cents per share. She says Taft is confident the acquisition of the Gulf properties "is definitely going to pay off—it's just going to take a couple of years."

The Gulf transaction was preceded by a brief takeover scare. Robert Bass, one of the wealthy Fort Worth Bass brothers, told the SEC on July 22 that he and his associates had acquired 8% of Taft. The announcement fueled speculation that an unfriendly takeover battle was imminent, even though analysts suggested the debt incurred from the $760 million Gulf purchase made Taft an undesirable acquisition. Taft strongly denied it was interested in selling, and its stockholders voted July 23 to adopt two "poison-pill" measures to discourage a takeover attempt.

Taft had lackluster results in 1985 from its cable tv investments. The company has a 50% interest in TCI-Taft Cablevision Associates, which operates systems in four states. Taft reported a $1.9 million loss on its cable investment for the 1985 fiscal year, and the spokesman says the cable partnership will be profitable in 1986—"but just barely. We're just beginning to turn it around and produce a profit."

Taft originally put $21 million into the venture, and its equity investment "is considerably more now," the spokesman says. The cable operation has 165,000 basic subscribers, with 89,000 pay subscribers out of the total.

In the entertainment field, which is not considered media in this report, Taft continues to expand its production efforts, especially in the first-run syndication market. Hanna-Barbera Productions produced 105 half-hours of cartoons for sale to networks and 155 half-hours for first-run syndication during the latest tv season. During the previous season Hanna-Barbera turned out 155.5 half-hours of cartoons for networks and only 17 for first-run syndication.

The production company supplied a third of the cartoons shown on Saturday mornings by the networks during the latest season, the spokesman reports. Next season the share will rise to 50%.

Taft's other production divisions continue to market more first-run programs such as the miniseries "On Wings of Eagles."

"We're firm believers in first-run syndication," the spokesman says.

Taft Entertainment Co. added production divisions and continued to increase its output of motion pictures. Taft Entertainment Motion Pictures Co., a joint venture with Keith Barish Productions, was formed to produce films, including "In the Light of Day" with Michael J. Fox and "Running Man" with Arnold Schwarzenegger.

Game show developer, Jay Wolpers, joined Taft Entertainment in 1985 as did Edgar J. Sherick, a film and tv miniseries producer.

MEDIA PROPERTIES

Broadcasting

TV: WBRC-TV, Birmingham, Ala.; WCIX, Miami; WDAF-TV, Kansas City, Mo.; WKRC-TV, Cincinnati; WTVN-TV, Columbus, O.; WTAF-TV, Philadelphia; WDCA-TV, Washington; KTSP-TV, Phoenix, Ariz.; WTSP-TV, Tampa-St. Petersburg, Fla.; KTXH, Houston; KTXA, Dallas/Fort Worth; WGHP-TV, Greensboro/Winston-Salem/High Point, N.C.

RADIO: WKLS (am, fm), Atlanta; WGR, WRLT (fm), Buffalo; WKRC, WKRQ (fm), Cincinnati; WTVN, WLVQ (fm), Columbus; WNDE, WFBQ (fm), Indianapolis; WDAF, KYYS (fm), Kansas City; WDVE (fm), Pittsburgh; KEX, KKRZ (fm), Portland, Ore.

Cable/video

SYSTEMS: CONNECTICUT: Lakeville. MASSACHUSETTS: Cape Cod, Nantucket. MICHIGAN: Alpena, Battle Creek, Brighton, Charlevoix, Cheboygan, Muskegon, Niles, Ontonogan, Petoskey, Saginaw, St. Joseph, Ypsilanti. NEW HAMPSHIRE: Lebanon.

OTHER OPERATIONS

Black Entertainment Television. Canada's Wonderland Ltd. (75% owned), Toronto. College Football Hall of Fame (managed by Taft). Coney Island. Jack Nicklaus Sports Center (a partnership). Kings Island Inn (a partnership). Kings Island Real Estate Co., Midwest Mobilephone Corp. (22.5%). Philadelphia Phillies baseball team (47.5%). Taft Entertainment Co. Cine Guarantors. Hanna-Barbera Productions. Hanna-Barbera Southern Star Productions (Australia). Ruby-Spears Enterprises. Sunn Classic Pictures. Sy Fischer Co., Taft Entertainment Television Co., Taft Merchandising Group. Titus Productions. Taft/Hardie Group Pty. Ltd. (Australia). Taft Entertainment Lawson Group (London). Taft Entertainment Motion Pictures/Keith Barish Productions. Taft Entertainment/Barish Productions. Taft Entertainment/Edgar J. Sherick Associates. QM Productions (inactive division). Worldvision Enterprises. Videostar Connections (21.5% interest).

RANK

22

TCI

Denver

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	577	449	28.5
Total sales	577	449	28.5
Net income	10	17	(42.0)

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	577	449	28.5
Outdoor	—	—	—

Acquisition-minded Tele-Communications Inc. batted one-for-three in 1985 when it picked up as part of a joint venture Group W Cable, the nation's third largest cable multiple system operator, but lost out in its bid as part of two other consortiums to buy two more cable giants, Storer Cable and Warner Amex.

The Denver-based company, the nation's 22nd largest media company and the largest operator of cable tv systems, had operating income of $122 million, a 13.3% increase over 1984, although net income was off 42% to $10.1 million, the second successive drop, reflecting the strain of acquisitions on the bottom line.

TCI ended the year with a sizable portion of Westinghouse Electric's Group W Cable in its pocket. The company was one of five multiple system operators that paid $2.1 billion for the system, called the largest system sale in the history of the cable industry.

The Group W buy will bring some 630,000 new subscribers to TCI, added to the 3.9 million basic subscribers TCI was counting at the end of 1985. Group W, with 2.1 million cable subscribers, sold for $1.6 billion in cash and $500 million in liabilities to the mso consortium of TCI, American Television & Communications, Comcast Corp., Daniels & Associates and Century Communications. TCI, whose share of the cost is about $560 million, got the largest number of subscribers.

TCI's subscriber base—not counting Group W's addition—rose in 1985 by 9% from the end of 1984. Pay subscriptions rose to 2.8 million, a 7.6% increase over 1984's 2.6 million.

The Group W deal undoubtedly eased TCI's pain over its failure to nab Warner Amex Cable Communications Inc. During the summer, TCI teamed with Time Inc.'s ATC to offer American Express Co. $1.3 billion for the whole Warner Amex system, provided it could get joint venture partner Warner Communications Inc. to sell its half. But the deal fell through in August when Warner itself bought American Express' share.

Absorbing the Group W properties may, at least temporarily, slake TCI's thirst for acquisition. However, Larry Gerbrandt, an analyst in Denver for Paul Kagan Associates, doubts it: "TCI will continue to invest until it reaches the Justice Department limit. Interest rates are low, and this is a good time for buying."

To raise money for acquisitions, in late spring TCI issued 2,875,000 shares of stock. Apart from the Group W deal, which wasn't to be consummated until June, 1986, TCI spent $130 million in cash and stocks on acquisitions, and sold or exchanged properties worth $107.8 million.

Among its attempts at acquiring systems during the year, TCI linked up with Taft Broadcasting, Knight-Ridder Newspapers and Scripps Howard Broadcasting in an unsuccessful bid to buy Storer Communications from Kohlberg Kravis Roberts & Co.

The company increased its investment in the stock of its Denver-based mso neighbor, United Cable Television Corp., to more than 3 million shares, about 24% of United's outstanding common stock. Under a stand-still agreement, TCI cannot influence United's operating or financial policies. Nevertheless, some analysts speculate that TCI is quietly drawing United into its camp.

In August, TCI formed a partnership with ATC to take control of cable systems in the Kansas City, Mo., area serving more than 110,000 subscribers. ATC is the managing partner in that arrangement.

TCI is stringing cable in Chicago, where its purview includes 800,000 households. TCI will add to its territory in Chicago the 395,000 households within Group W's slice of that city. TCI also recently won the St. Louis franchise and is building the system there.

In the spring of 1985, TCI signed an agreement to manage District Cablevision Inc., a company owned 20% by TCI that was designated to string cable in the nation's capital. TCI pledged to fund the building of the DC system, provided the city council agreed to scale down expectations for cable service. Those concessions were forthcoming, and in September the council transferred the cable franchise to a limited partnership 75% owned by TCI.

TCI's pared-down approach to cable service also was in evidence in Pittsburgh. In 1984, TCI bought the Pittsburgh system for $93.4 million after its original owner, Warner Amex, had invested more than $100 million and lost $31 million there. TCI immediately sought concessions from the city council and during 1985 began operating a "no-frills" system in Pittsburgh with a favorable cash flow.

TCI sold several smaller systems to other cable operators during the year, but its major divestiture of the period came in March, 1986, when the company announced it would sell back its 50% interest in TeleScripps Cable Co. to its partner in that venture, Scripps Howard. The redemption was estimated to involve about $78 million in pretax gain for TCI. TeleScripps serves 265,000 subscribers in eight southern states.

In April, 1985, TCI gave up negotiations for United Satellite Communications Inc., a direct-broadcast satellite venture that discontinued operations a week before the talks broke down. The dalliance with USCI, however, signaled TCI's growing interest in providing direct-broadcast services.

TCI's next move on the satellite-dish issue came in May, when senior vp John Sie proposed a national cooperative scrambling association, under which the cable industry would establish a single technical standard for scrambling, pay the cost of scrambling signals from cable networks such as ESPN, USA, WTBS and CNN and also buy descramblers for the cable systems.

Scrambling, obviously, makes practical the selling of programing to satellite-dish owners—another TCI focus. In October, it signed an agreement with Showtime/The Movie Channel to distribute its networks to dish owners in TCI franchise areas and surrounding nonfranchise areas. In December, TCI became the first mso to unveil a plan for marketing programs to dish owners. TCI's package included 10 basic and five premium programing services. According to the company, "This direct satellite distribution capability is an important ingredient in creating universal distribution for our program services."

In the assessment of Mr. Gerbrandt, after the Group W acquisition, the most important recent development at TCI has been its move toward providing programing. In the spring of 1986, TCI made several program-related announcements. Plans were revealed for TCI to buy a one-third share of American Movie Classics, a service owned by Rainbow Programming Enterprises and CBS Inc.

Reports surfaced that TCI is developing a plan to offer "super local origination channels"—channels programed similarly to independent stations that would offer sports, movies and syndicated shows. These stations would create programing and sell advertising in competition with existing broadcast stations and, in areas where few independent stations are on the air, one station might serve a six or seven-state region.

Also this spring, TCI announced an arrangement with the Pittsburgh Pirates to offer a regional interconnect of TCI systems to carry Pirates games. And in yet another step into programing announced at the same time, TCI signed an agreement with C.O.M.B. Co., a merchandiser of consumer products through direct mail, retail stores and tv. TCI purchased 9.9% of C.O.M.B stock, and forged an agreement to create "the world's largest cable television-based merchandising service." Under current plans, by June TCI will showcase merchandise and allow subscribers to shop at home in segments ranging from 30-second spots to half-day programs.

TCI was a power player in the battle between Ted Turner and NBC over cable news programing. In November, Mr. Turner wooed NBC as a potential investor in his Cable News Network; when those negotiations fell through, he went to TCI and other cable operators. But TCI appeared to be casting its lot with NBC, which was pondering the launch of a competing service, NBC Cable News. That launch was crippled when TCI backed away from agreeing to offer the service by NBC's deadline of Jan. 31, 1986.

TCI is waging a two-pronged attack on erosion caused by videocassette rentals, characterized by senior vp Mr. Sie as "the first real challenge the industry has had." In November TCI ordered 24,000 vcr interface units and began selling them at cost ($30 to $45) to subscribers during the holiday season. The units allow subscribers to watch one cable channel and record on another and are designed to make cable "friendlier" to vcr owners and encourage the building of film libraries.

In February, 1986, TCI launched the second prong of its anti-movie rental campaign when it announced it would test the first pay-per-view service in company history. TCI traditionally has been skeptical of ppv arrangements and made clear that it will not fully plunge into the new service until it has made favorable arrangements with Hollywood studios and can offer movies significantly earlier than they hit the rental shops.

On the corporate front, TCI found that its phenomenal growth made it impractical to continue to run the company exclusively from Denver, and so it decentralized the company into six regions. TCI appointed six vps to head the divisions, defined by the company as "autonomous operating regions" and each staffed with accounting, engineering and marketing personnel consistent with an independent company of its size.

This structure allows TCI to operate as a collection of small companies that enhance management focus and responsiveness while still enjoying economies of scale. Eventually, according to western states division vp-chief operating officer Barry Marshall, only about 15 people will remain at corporate headquarters in Denver.

In June, McGraw-Hill Inc. joined original partners TCI and Telecrafter Corp. of Lakewood, Colo., as an equal partner in X*Press Information Services, which feeds news, financial, sports and weather information into personal computers through cable lines rather than more expensive telephone lines. X*Press completed a technical test in Boulder, Colo., and was rolled out in a market test there and in Buffalo, N.Y.

By the end of 1986, X*Press will be expanded into other TCI markets, and 16 other msos have committed to offer the service, including ATC and United Cable. In December, X*Press became Apple-compatible. X*Press is oriented toward business users and will offer, among other texts, *McGraw-Hill Express, Business Week Summary* and *Standard & Poor's Marketscope.*

TCI is a minority partner along with Time Inc.'s HBO and Taft Broadcasting in Black Entertainment Television. BET president Robert Johnson holds controlling interest in the black-oriented cable network. During 1985, HBO took over a number of BET's marketing and sales activities.

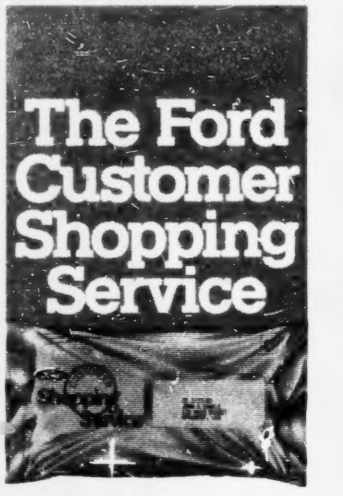
TCI is planning to conduct market research throughout 1986 to determine consumer programing preferences and priorities, and consumer attitudes toward program guide, vcr compatibility, the "cable readiness" of cable-ready sets, second set charges and cable system office hours.

During 1985 TCI stuck with its established advertising compaign, using the theme "Cable Is Choice Tv" on radio, outdoor boards and in print and direct mail. Nine flights were scheduled during the year in what a press release called "the largest mso-sponsored national cooperative advertising effort yet undertaken by a major cable operator."

MEDIA PROPERTIES

Cable/video

ALABAMA: Arab, Birmingham, Boaz, Centre, Hartselle, Homewood (80% interest), Jacksonville, Piedmont. ALASKA: Benton (50% interest). CALIFORNIA: Berkeley, Brisbane (84% interest), Carson, Daly City (84% interest), Fremont (90% interest), Grass Valley, Inglewood, Lake Wildwood (80% interest), Millbrae, Oceanside, Pacifica, Penn Valley, Pomona, Richmond, Rio Vista, San Carlos, San Mateo (86% interest), South Lake Tahoe, Sunnyvale. COLORADO: Alamosa, Boulder, Del Norte, Delta, Durango, Fort Morgan, Glenwood Springs, Leadville, Monte Vista, Montrose, Salida, Steamboat Springs, Sterling. CONNECTICUT: Sharon (50% interest). FLORIDA: Daytona Beach (99% interest), Key West, Opa Locka, Titusville. GEORGIA: Athens, Carrollton (87% interest), Columbus, Eastman, Fitzgerald, Hazlehurst, McRae, Sanderville, Tocca, Vidalia. IDAHO: Ammon, Burley, Idaho Falls (25% interest), Iona, Lewiston, Pocatello, Preston. ILLINOIS: Alorton (86% interest), Alton, Cahokia (86% interest), Canton (80% interest), Carbondale, Centreville (86% interest), Chanute Air Force Base, Chicago (Chicago Cable Communications), Coal City, Dixon, East St. Louis (86% interest), Marion, Mattoon (50% interest), McHenry, Morris, North Utica, Piper City, Rantoul. INDIANA: Attica, Bloomfield, Bloomington, Boonville, Carmel, Delphi, Elwood, Fowler, Franklin, Greencastle, Greenfield, Greensburg, Hartford City, Lebanon, Linton, Martinsville, Mount Vernon, New Castle (80% interest), Princeton, Richmond, Salem and Sullivan. KANSAS: Andover, Augusta, Bonner Springs, Caney, Coffeyville, Derby, Dodge City, El Dorado, Fredonia, Garden City, Garnett, Goddard, Hesston, Iola, Kansas City, Leavenworth, Newton, Ottawa, Park City, Peabody, Rose Hill, Topeka.



We'll help you make new car and light truck buyers your buyers.

The Ford Customer Shopping Service response card deck will bring you . . .

- Monthly access to 125,000 new Ford car and light truck, Mercury, Lincoln and Merkur car purchasers
- Buyers from the most recent three months—our newest car and light truck buyer names available
- Total 50 state coverage
- New, unduplicated names and addresses each month
- Annual impact of nearly 1.5 million new car and light truck buyers

To find out more about the power of the new Ford Customer Shopping Service, call 1-313-446-6340 or fill in and mail the coupon below.

Customer Shopping Service

Ford Customer
Shopping
P.O. Box 7012
Lincoln Park, MI
48146-9990

Name

Title

Company Name

Address

City

State ZIP

( )
Telephone

Previous Response Card Deck Advertiser? ☐ Yes ☐ No

AA

KENTUCKY: Ashland. Dawson Springs. Fulton. Henderson. Pineville. Princeton. Providence and Winchester. MARYLAND: Cumberland. Elkton. MASSACHUSETTS: Waltham. MICHIGAN: Baraga Village. East Jordan. Niles. MINNESOTA: Albany. Albert Lea (80% interest). Alexandria. Austin (80% interest). Blue Earth. Browerville. Browns Valley. Clarissa. Crookston. Faribault. Glenwood. Long Prairie. Melrose. Moorhead. Ortonville. Osakis. Park Rapids. Sauk Centre. Staples. Wadena. MISSISSIPPI: Brandon (80% interest). MISSOURI: Cape Girardeau. Centralia. Clinton. Grandview. Hannibal. Hazelwood. Huntsville. Jackson. Jefferson City. Kansas City (49.5% interest). Knob Noster. Mexico. Moberly. Monroe City. Mountain Grove. Republic. Vandalia. MONTANA: Anaconda. Billings. Bozeman. Butte. Deer Lodge. Dillon. Glendive (50% interest). Great Falls. Havre. Helena. Lewistown. Livingston. Kalispell. Miles City. Missoula. NEBRASKA: Alliance. Broken Bow. Grand Island. Hastings. Kearney. Kimball. LaVista. Lexington. McCook. North Platte. Ogallala. O'Neill. Scottsbluff. Sidney. NEVADA: Battle Mountain. Carson City. Elko. Hawthorne. North Lake Tahoe. Reno. NEW JERSEY: Beach Haven. Bound Brook. Elizabeth. Gloucester City (50% interest). Parlin. Sayreville. NEW MEXICO: Artesia. Carlsbad. Cimmarron. Eunice. Hobbs. Jal. Raton. Red River. Springer. NEW YORK: Adams Center. Boonville. Buffalo. Kingston. Lowville. Orangetown. Poughkeepsie. Schenectady (87% interest). Spring Valley. NORTH CAROLINA: Elkin (50% interest). Marion. Morgantown. Mount Airy (50% interest). NORTH DAKOTA: Grand Forks. Minot. OHIO: Ashtabula. Barnesville. Bethesda. Bridgeport. Brunswick. Cadiz. Chester/Newell. Columbiana. East Liverpool. Greenville. Golf Manor. Hamilton. Hanover Township. Holloway. Irondale. Marion. Martins Ferry. Middleton. Minerva. Mingo Junction. Niles. Port Clinton. Ravenna. Shadyside. Steubenville. Warren. Wheeling Township. OKLAHOMA: Cowetta. Duncan. Enid. Marlow. Muskogee. Owasso. OREGON: Corvallis. Eugene. Lebanon. Newberg. Newport. West Portland. Sweet Home. Waldport. PENNSYLVANIA: Ambridge. Apollo. Aston. Bedford. Carnegia. Carrolltown. Castle Shannon. Clarion. Columbia. Dormont. Erie. Etna. Kane. Lebanon (20% interest). McKeesport. McKees Rocks. Mechanicsburg. Monessen. Montgomery. Penn Hills Township. Perkasia (20% interest). Philipsburgh. Phoenixville (16% interest). Pittsburgh. Pittsburgh (PTCI). Pottstown (20% interest). Red Lion. Ridgeway. State College. Towanda. Verona. Waynesburgh. West View. SOUTH CAROLINA: Bennettsville. Richland County. SOUTH DAKOTA: Mitchell (50% interest). Rapid City. Sioux Falls (50% interest). Sisseton. TENNESSEE: Bolivar. Brownsville. Covington. Knox County. Manchester. Memphis (44%). Shelbyville. TEXAS: Albany. Beaumont. Bishop. Breckenridge. Burknett. Clifton. Clute. Corpus Christi. De Leon. Eastland. Gorman. Huntsville. Iowa Park. Lake Jackson. Liberty. Mart. Mathis. Mineral Wells. Odem. Olney. Orange. Port Arthur. Range. Refugio (99% interest). Seymour. Vernon. Woodsboro (99% interest). UTAH: Centerville. Clearfield. Clinton. Davis County. Draper. East Carbon. Farmington. Grantsville. Kaysville. Layton. Morgan. Nephi. Ogden. Park City. Price. Provo. Richfield. Salt Lake City. Smithfield. Synderville. Sunset. Tooele. Utah County. Wendover. West Ogden. West Valley. Woods Cross. VERMONT: St. Albans. VIRGINIA: Chesapeake. Culpepper. Orange. WASHINGTON: Airway Heights. Auburn. Anacortes. Bellingham. Bremerton. Burlington. Deer Park. Marysville. Olympia. Poulsbo. Raymond. Spokane. Wilbur. WEST VIRGINIA: Cameron. Chester. Gassaway. Logan. Moundsville. New Cumberland. Parkersburg. Summersville. Wellsburgh. Weston. Wheeling. WISCONSIN: Madison (33% interest). Richland Center. WYOMING: Cheyenne. Cody. Lander. Laramie. Powell. Rawlins. Riverton. Thermopolis. Worland.

Other media operations

Tele-Communications Inc. owns a 50% interest in Taft-TCI. which in turn holds interest in Black Entertainment TV. Also, it operates National Telefilm Associates (74% interest).

RANK
82

TeleCable Corp.

Norfolk, Va.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	122	99	23.5
Total sales	122	99	23.5
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	122	99	23.5
Outdoor	—	—	—

A 24% growth in revenues at TeleCable, controlled by the Batten family and other corporate executives of its former parent, Landmark Communications, was heavily influenced by TeleCable's efforts to build an advertising base in its cable markets in 1985.

The Norfolk, Va., company, the nation's 82nd largest media company, operates 22 cable systems in 15 states.

TeleCable Targeting, the advertising sales division of TeleCable, began advertising efforts in 1985 in five markets—Lexington, Ky.; Arlington, Tex.; Springfield, Mo.; Overland Park, Kan., and Racine, Wis., reaching some 200,000 homes, or 40% of TeleCable's subscribers. TeleCable closed 1985 with 480,000 basic subscribers, up 6% from 1984.

Targeting will expand its advertising penetration in 1986 to another 100,000 subscribers in Greenville and Spartanburg, S.C., and Plano and Richardson, Tex. Another 100,000 subscribers will be reached by the end of 1987 through advertising efforts in Bloomington, Ill.; Margate, Fla.; Kokomo, Ind., and Beckley, W.Va.

A subsidiary of newspaper publishing giant Landmark Communications Inc. until it spun off in 1984, TeleCable did not add any cable systems to its corporate structure in 1985, concentrating instead on upgrading present systems and on the campaign to generate advertising.

TeleCable ranked 19th in 1985 among cable multiple system operators in the number of subscribers. It could climb to 10th place by the end of this year in ad dollars per subscriber with gross advertising revenues of some $4.5 million, company officials say.

The company ranks even higher in revenue-per-subscriber figures in its systems that accept local advertising. While in 1984 TeleCable just met the industry per-subscriber revenue average of $5.50 in ad revenues, or 19th place, the 1985 advertising effort brought yearend per-subscriber revenue in the five TeleCable Targeting campaign systems to $10.26, compared with the industry average of $7.20. TeleCable is ranked eighth among msos in this category. Company officials predict it will be fourth by the end of the year with a figure of $15.25 per subscriber for its nine cable systems accepting local advertising.

TeleCable Targeting employs some 80 people; each sales office is staffed by a sales manager, three to five sales executives, and four or five additional staff support people, says Alfred F. Ritter, TeleCable vp-finance.

In January, Frank Batten, chairman of both TeleCable and Landmark Communications, announced each company had repurchased 39% of its own stock for an undisclosed price from 56 minority stockholders. He, his family and other company executives now own more than 90% of the stock, Mr. Batten says, adding, "These stock purchases will have little or no effect on the companies' operations. They do ensure that Landmark and TeleCable will remain privately owned."

MEDIA PROPERTIES

Cable/video

SYSTEMS: ALABAMA: Auburn. Decatur. Selma. FLORIDA: Margate. GEORGIA: Columbus. ILLINOIS: Bloomington. INDIANA: Kokomo. KANSAS: Overland Park. KENTUCKY: Lexington. Radcliff. MISSOURI: Springfield. NORTH CAROLINA: Roanoke Rapids. SOUTH CAROLINA: Greenville. Spartanburg. TENNESSEE: Cleveland. TEXAS: Arlington. Plano. Richardson. VIRGINIA: Wytheville. WEST VIRGINIA: Beckley. Princeton. WISCONSIN: Racine.

Public leading media cos. by return on sales

Company	% return on sales 1985	% return on sales 1984	Net income 1985	Net income 1984	Total revenues 1985	Total revenues 1984	Media revenues 1985	Media revenues 1984
LIN Broadcasting Corp.	20.9	19.6	$35.8	$29.1	$171.7	$148.8	$163.1	$142.8
Thomson Newspapers	18.4	18.9	125.7	110.1	683.2	581.2	373.2	294.3
Warner Communications	16.3	(53.8)	195.3	(586.1)	1,201.0	1,090.0	330.9	271.0
Lee Enterprises	14.9	14.1	30.7	26.7	206.6	190.0	183.3	169.4
Park Communications	14.4	14.4	15.2	14.1	105.3	98.0	105.3	98.0
Dow Jones & Co.	13.3	13.4	138.6	129.1	1,039.3	965.6	978.1	910.1
Taft Broadcasting Co.	12.9	8.6	48.5	39.0	375.3	454.0	189.6	172.0
Rollins Inc.	12.0	11.6	12.0	9.9	99.9	85.5	99.9	85.5
Gannett Co.	11.5	11.4	253.3	223.9	2,209.4	1,960.2	2,152.5	1,915.0
Dun & Bradstreet	10.6	10.7	294.7	255.9	2,771.7	2,397.3	1,717.7	1,458.6
Journal Co.	10.6	10.0	35.8	34.0	338.7	340.0	215.8	197.0
McGraw-Hill	9.9	10.3	147.4	144.2	1,491.2	1,401.8	1,031.0	964.0
Berkshire Hathaway	9.9	9.6	92.9	70.2	939.9	729.2	107.9	101.6
Chris-Craft Industries	9.6	(12.5)	18.3	(21.4)	190.3	170.7	168.2	151.4
Washington Post Co.	9.5	8.7	102.0	86.0	1,079.0	984.0	1,037.0	984.0
Viacom International	9.2	9.6	37.1	30.6	404.1	320.4	376.3	254.2
Meredith Corp.	9.0	8.4	42.7	38.0	474.9	451.0	356.2	327.0
Affiliated Publications	8.4	8.0	31.0	27.4	367.3	343.8	366.0	342.8
New York Times Co.	8.3	8.1	116.3	100.0	1,393.8	1,230.0	1,393.8	1,230.0
Freedom Newspapers	8.1	8.9	26.4	26.4	325.0	295.0	325.0	295.0
Times Mirror Co.	8.0	8.3	237.1	232.7	2,959.4	2,804.8	2,171.3	1,988.1
Cowles Media	8.0	6.8	19.2	15.7	240.6	232.1	240.6	232.1
Knight-Ridder Newspapers	7.7	8.5	132.7	140.8	1,729.6	1,664.7	1,678.8	1,618.5
Pulitzer Publishing Co.	7.4	6.3	20.0	15.2	272.1	242.6	272.1	242.6
Macromedia Inc.	7.2	—	8.7	—	120.6	109.0	120.0	109.0
Capital Cities/ABC	7.0	7.1	300.6	330.5	4,320.0	4,624.5	3,841.2	3,953.1
Multimedia Inc.	6.4	11.1	21.6	33.7	336.3	304.4	336.3	304.4
Tribune Co.	6.4	5.7	123.8	103.0	1,937.9	1,794.4	1,683.5	1,597.0
International Thomson Holdings	6.3	5.6	144.3	127.3	2,291.9	2,255.5	560.0	550.0
National Geographic Society	6.3	5.1	22.4	16.8	356.4	326.8	220.0	213.0
United Cable Television Corp.	6.2	2.8	10.5	3.9	168.9	141.0	168.9	141.0
A H. Belo Corp.	6.2	8.1	23.8	28.6	385.1	354.0	385.1	354.0
Maclean Hunter Communications	6.1	5.4	42.5	35.2	696.2	645.9	257.5	247.8
Stauffer Communications	5.9	5.8	6.7	6.1	113.9	104.9	96.1	88.7
Time Inc.	5.9	7.0	200.0	216.0	3,404.0	3,067.0	2,852.0	2,576.0
Media General	5.7	7.3	32.8	40.0	578.6	548.0	330.6	295.0
Westinghouse Electric Co.	5.7	5.2	605.3	535.9	10,700.0	10,265.0	1,069.2	934.9
Heritage Communications	5.3	5.1	8.3	6.6	157.4	128.8	95.9	84.4
Harcourt Brace Jovanovich	5.1	4.5	50.0	34.0	990.0	755.0	137.0	119.0
RCA Corp.	4.1	3.9	369.1	341.0	8,972.1	8,671.2	2,647.5	2,370.9
Playboy Enterprises	3.5	14.6	6.7	27.3	192.3	187.0	172.3	166.0
Tele-Communications Inc.	1.7	3.9	10.1	17.4	577.2	449.2	577.2	449.2
CBS Inc.	0.6	4.6	27.4	212.4	4,755.6	4,640.1	3,170.4	3,030.5
Turner Broadcasting Co.	0.3	3.3	1.2	10.0	368.5	299.7	332.3	266.0
John Blair & Co.	(4.6)	2.2	(29.1)	10.5	630.5	487.3	549.3	416.3
Rogers Cablesystems	(6.3)	(10.5)	(16.1)	(22.1)	253.6	211.1	117.7	90.2
Ackerley Communciations	(7.9)	(7.5)	(8.9)	(7.3)	112.5	97.9	104.4	90.1

NOTE: Dollars in millions.

Source: Sales and income figures company sources.

RANK
30

Thomson Newspapers

Toronto

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	373	294	26.8
Total sales	683	581	17.5
Net income	126	110	14.2

Sales by media	1985	1984	% chg
Newspaper	373	294	26.8
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Thomson Newspapers recorded an increase of 26.8% in sales from its U.S. newspapers, which increased by eight to reach 100 in 1985, as difficult competitive and marketing pressures at its two largest dailies in Canada cut into its financial performance on the home front.

Thomson, Toronto, is solely a newspaper company, its U.S. media equal to 54.6% of combined U.S. and Canadian revenues of $683.2 million, 17.6% more than 1984. Total 1985 net income (both U.S. and Canadian operations) was $125.7 million, up 14%. Thomson Newspapers does not state separately its net income from media operations. Thomson is ranked the 30th largest media company on the basis of its U.S. media revenues.

U.S. dollar figures for this profile were converted from Canadian currency at the rate of C$1=U.S.$0.716 The same rate was applied to 1984 figures for comparison. The Canadian dollar fell 8% against the U.S. dollar in 1985.

"Thomson has among the best records of profitability in the newspaper business," says Murray Grossner, analyst with Richardson Greenshields, Toronto. "They have a very strong balance sheet characterized by low debt relative to equity."

In the U.S., Thomson added nine new dailies (and a separate Sunday paper) during the past 18 months, bringing the total to 100, including 96 dailies, three weeklies, and one twice-weekly. More than 171,000 circulation was added by the new dailies, bringing total 1985 U.S. circulation to 1,497,900, up about 8%. The company also sold in January, 1985, the *Douglas* (Ariz.) *Daily Dispatch* with 3,007 circulation.

Thomson publishes 50 newspapers in nine of the 10 Canadian provinces (not Quebec), including 37 dailies, the balance published once, twice or thrice weekly. Media sales in Canada were $310 million in 1985, up 8% from 1984. Canadian circulation slipped about 1% in 1985 to 1,125,900. A major reason for this small drop, according to Thomson, was a new Sunday marketing program for the *Winnipeg Free Press.* No acquisitions or sales of papers were reported for Canada in 1985.

"We hope to continue to grow in the U.S. There's a bigger opportunity there," says Brian Slaight, exec vp, Thomson Newspapers. Thomson denies it has any special formula for picking its acquisitions and operating them successfully, but it does have a good track record.

"We try to analyze the newspaper and its market," Mr. Slaight says. "And we do that in all sorts of ways. People approach us. We approach them. We have friends in the industry, and we're aware of a lot that's going on.

"Our papers average about 16,000 circulation. Our main interest is in small and medium-size markets."

Thomson is known to maintain "a very respectable rate of growth . . . they engage in very strong and consistent cost planning to finance acquisitions," securities analyst Mr. Grossner says.

One of the Canadian company's U.S. buys during 1985 was the *Daily News*, evening and Saturday issues, in Lebanon, Pa., which Thomson purchased from Richard Mellon Scaife. Also included in the Lebanon purchase was the companion Sunday paper, the *Sunday Pennsylvanian*. Average six-month circulation reported March 31, 1986, by ABC was 25,148 for the daily, down 8.1% for the same period a year earlier; 24,900 Sunday, down 14.2%.

Other Thomson U.S. acquisitions were: The *Vidette Messenger*, an evening and Saturday morning paper, circulation 13,265, in Valparaiso, Ind.; *Richmond Register*, an evening paper, 9,056, in Richmond, Ky.; *Herald Palladin*, evening, circulation 36,284, in neighboring Benton Harbor and St. Joseph, Mich.; the *Daily Journal*, evening, 12,988, in Fergus Falls, Minn.; *Sedalia Democrat*, evening, 14,189, and Sunday, 15,502, in Sedalia, Mo.; *Daily Advance*, evening, 11,119, and Sunday, 12,205, in Elizabeth City, N.C., and the *Dickinson Press*, morning (except Monday), 8,081, and Sunday, 8,462, Dickinson, N.D.

Circulation at most of these newspapers is down slightly from the previous year—an industrywide trend in 1985-86. "When Thomson acquires a newspaper it tends to boost profits within the next two to three years," Mr. Grossner says.

Thomson does not control its 31-state U.S. newspaper empire from Toronto. It manages and conducts communications from U.S. executive offices in Des Plaines, Ill., a Chicago suburb, and four divisional offices in Boston (Wellesley Hills), Mass.; Tampa, Fla.; Canton, O., and Kansas City, Mo.

Like other chains with papers in smaller cities and towns, Thomson often has no competing papers to confront. Not so in its hometown and biggest market, Toronto, Canada's largest city and the scene of some of the hottest newspaper competition. The daily faceoffs are among the *Star*, publishing seven days a week, circulating about 516,000 weekdays and Saturdays and 806,000 Sundays; the *Sun*, smallest during the week with about 268,000 mornings and Saturday but up to 451,300 on Sundays, and Thomson's *Globe and Mail*, publishing six mornings a week but not on Sunday. Its circulation is 315,000.

Mr. Grossner, who sees Thomson's earnings per share rising from $0.88 a share in 1985 to possibly $1.25 in 1987, says the only cloud on that horizon may be the heavy cost of seeking and winning advertising and circulation for the *Globe and Mail*. "Even if they should come out of Toronto with losses," he says, "the other [Thomson] papers can certainly reduce those and show an over-all profit."

Thomson has been working in its second biggest market, Winnipeg, Man., to add a Sunday edition to its Winnipeg Free Press, by far the biggest newspaper show in town, circulating about four times as many copies as the rival *Sun* on weekdays. But the *Free Press'* success in adding the seventh issue has diluted slightly its totals for daily circulation. *Free Press* weekday circulation in 1984 stood at about 175,400, and Saturday at 240,140. In 1985, after the Sunday introduction, daily was down to about 174,300, Saturday to 238,200, and Sunday was 151,150.

"It's not axiomatic that we always build or remodel when we acquire a paper, but if needed we don't hesitate," Mr. Slaight says. Thomson spent about $19.8 million on new facilities for its papers in 1985, including a new plant for the *Daily Spectrum*, St. George, Utah. About the same amount is slated for 1986, including new construction at the *Key West* (Fla.) *Citizen*, the *Coshocton* (O.) *Tribune*, and at least one more paper about which Thomson will not release details.

With equal partner Abitibi-Price, Thomson Newspapers Ltd. has taken half interest in a recently expanded newsprint plant of the Augusta Newsprint Co., Augusta, Ga. This is Thomson's sole nonnewspaper interest. During 1985 Thomson took its $4 million share of the about $8 million total pretax loss as the North American newsprint market proved problematic because of foreign competition, lessening newsprint demand and undependable pricing. Thomson has reported to its shareholders that the mill is now operating well and the partnership is generating positive cash flow. Thomson's investment as of Dec. 31, 1985, was $215 million.

Thomson Newspapers Ltd. is a public company, owned 61% by Woodbridge Co. Ltd., Toronto. Woodbridge, a private holding company, is owned by descendants of the late Roy Thomson, who began the chain with the purchase of a weekly newspaper in Timmins, Ont., more than a half century ago. He became Lord Thomson of Fleet and owner of the *Times of London*, since sold to Rupert Murdoch. The present Lord Thomson of Fleet, Roy's son, Kenneth R. Thomson, now heads Thomson Newspapers as chairman of the board and president.

Woodbridge also owns controlling interest, 73.5%, in International Thomson Organisation Ltd., Toronto. This complex organization has several subsidiaries, including International Thomson Organisation plc, London, England, and a principal U.S. subsidiary, International Thomson Holdings Inc., New York, which includes specialized publishers plus travel, oil and gas businesses.

MEDIA PROPERTIES

Newspapers (dailies)

ALABAMA: *Dothan Eagle, Enterprise Ledger, Opelika-Auburn News.* ARKANSAS: *Northwest Arkansas Times* (Fayetteville). CALIFORNIA: *Barstow Desert Dispatch, Eureka Times-Standard, Oxnard Press-Courier, San Gabriel Valley Tribune* (West Covina), *Siskiyou Daily News* (Yreka), *Whittier Daily News.* CONNECTICUT: *Ansonia Evening Sentinel.* FLORIDA: *Clay Today* (Orange Park), *Jackson County Floridian* (Marianna), *Key West Citizen, Punta Gorda Daily Herald-News.* GEORGIA: *Americus-Times Recorder* (Americus), *Cordele Dispatch, Dalton Daily Citizen-News, Griffin Daily News, Thomasville Times-Enterprise, Tifton Gazette, Valdosta Daily Times.* ILLINOIS: *Jacksonville Journal Courier, Mount Vernon Register-News.* INDIANA: *Kokomo Tribune, New Albany Tribune, Vidette-Messenger* (Valparaiso). IOWA: *Council Bluffs Nonpariel, Oelwein Daily Register.* KANSAS: *Atchison Daily Globe, Leavenworth Times.* KENTUCKY: *Corbin Times-Tribune, Richmond Register.* LOUISIANA: *Lafayette Daily Advertiser.* MARYLAND: *Salisbury Daily Times.* MASSACHUSETTS: *Fitchburg Daily Sentinel and Leominster Enterprise, Taunton Daily Gazette.* MICHIGAN: *Adrian Daily Telegram, Escanaba Daily Press, Herald-Palladium* (Benton Harbor/St. Joseph, Mich.), *Houghton Daily Mining Gazette, Iron Mountain Daily News, Marquette Mining Journal.* MINNESOTA: *Albert Lea Evening Tribune, Austin Daily Herald, Daily Journal* (Fergus Falls). MISSISSIPPI: *Laurel Leader-Call.* MISSOURI: *Cape Girardeau Southeast Missourian, Carthage Press, Sedalia Democrat, Sikeston Daily Standard.* NEW HAMPSHIRE: *Portsmouth Herald.* NEW YORK: *Herkimer Evening Telegram, Newburgh Evening News, Oswego Palladium-Times.* NORTH CAROLINA: *Daily Advance* (Elizabeth City), *Rocky Mount Evening Telegram.* NORTH DAKOTA: *Dickinson Press.* OHIO: *Canton Repository, Coshocton Tribune, East Liverpool Evening Review, Greenville Daily Advocate, Lancaster Eagle-Gazette, Marion Star, Middletown Journal, Newark Advocate, Piqua Daily Call, Portsmouth Times, Salem News, Steubenville Herald-Star, Xenia Daily Gazette, Zanesville Times Recorder.* OKLAHOMA: *Ada Daily News.* PENNSYLVANIA: *Altoona Mirror, Connellsville Daily Courier, Daily News* (Lebanon), *Easton Express, Greenville Record-Argus* (Kittanning), *Hanover Evening Sun, Kittanning Leader-Times, Lock Haven Express, Meadville Tribune, Monessen Valley Independent, News Item* (Shamokin). SOUTH CAROLINA: Florence Morning News. SOUTH DAKOTA: *Mitchell Daily Republic.* UTAH: *Daily Spectrum* (St. George). VIRGINIA: *Petersburg Progress-Index.* WEST VIRGINIA: *Fairmont Times-West Virginian, Weirton Daily Times.* WISCONSIN: *Fond du Lac Reporter, Manitowoc Herald-Times Reporter, Post-Crescent* (Appleton), *Waukesha Freeman, Daily Tribune* (Wisconsin Rapids).

Newspapers (nondailies)

FLORIDA: *Englewood Herald.* ILLINOIS: *McLeansboro Times-Leader.* OHIO: *Franklin Chronicle.* WISCONSIN: *West Bend News.*

RANK
59

3M

St. Paul

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	200	174	14.9
Total sales	7,846	7,705	1.8
Net income	N/A	N/A	N/A

Sales by media	**1985**	**1984**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	200	174	14.9

Bedford Park, Ill.-based 3M National Advertising Co. late in 1985 embarked on aggressive expansion plans in the Sunbelt and in several major markets that could push it into the top position among out-of-home media companies.

Ranking a close third behind Los Angeles-based Foster & Kleiser and New York-based Gannett Outdoor, 3M's estimated media revenues of $200 million, ranking it the 59th largest media company, represented about 13% of the out-of-home industry's estimated revenues of $1.5 billion in 1985.

The media company is a unit of 3M, St. Paul, Minn., which does not disclose revenues for units smaller than divisions. 3M's graphic technologies division, which contains 3M National, had revenues of $1.3 billion in 1985, up 2% from 1984.

The 3M National unit is zeroing in on Foster & Kleiser, with revenues of $212 million in 1985, and Gannett Outdoor, with $207 million in 1985 revenues, says Frank Rolfes, analyst with Dain Bosworth, Minneapolis.

3M National in 1986 has set a goal of 15% revenue growth, putting it at about $230 million in revenues. The 3M unit has been growing at a 15% clip each year since 1970 through construction of outdoor bulletins, says Tom Devine, marketing operations manager. By comparison, Gannett Outdoor's revenues grew 4% in 1985.

3M National sought to grow through acquisition of Naegele Outdoor in 1985 (estimated annual revenues of $100 million), but it was forced to call off its plans when a U.S. Justice Department opinion in December, 1984, noted there could be antitrust implications. Naegele subsequently was purchased in July, 1985, for an estimated $400 million by Morris Communications, Augusta, Ga.

The 3M unit is the nation's largest owner of painted bulletins with 25,000 standard, highway and expressway sizes in 80 markets. That compares with 400 painted bulletins in 10 markets when 3M entered the business in 1970. Painted bulletins account for about 85% of 3M National's revenues, Mr. Devine says.

The 3M unit constructed more than 600 new bulletins between September, 1985, and May, 1986, in a broad area between Atlanta and the Rio Grande valley, Mr. Devine says. In the same period, it has added another 300 bulletins in the Chicago and Detroit markets. In 1985, the 3M unit added 50 new employes to its property leasing department, bringing the total to 150.

"In outdoor advertising, your product is the [property] lease. The most important guy in the company is the one who can give you a location," Mr. Devine says.

3M has taken a different approach from Foster & Kleiser and Gannett by specializing in painted bulletins while its two biggest competitors are stronger in posters.

It spreads out its holdings along highways and urban expressways in 80 markets while its two big competitors are concentrating in about 15 markets each. And it focuses on local and regional advertising accounts, while Foster & Kleiser and Gannett have focused more heavily on national accounts. This latter difference has made 3M less vulnerable than its competitors to recent losses in revenues from tobacco and liquor advertising, Mr. Devine says.

About 10% of 3M National's revenues come from eight-sheet posters and from shopping mall advertising. The latter category is estimated to be a $25 million segment dominated by 3M, which has exclusive contracts with 650 of the nation's 1,800 malls. The 3M unit also operates 10,000 to 15,000 eight-sheet panels in New Jersey, Philadelphia and Baltimore.

About 5% its revenues come from Panagraphic backlight displays, one of its fastest growing segments. Growth is spurred by a trend toward the use of backlights in 14-by-48-ft. and 20-by-60-ft. sizes by big tobacco companies. R.J. Reynolds Industries now has 400 backlights in 40 markets. Philip Morris and Lorillard each have more than 50 displays in 15 to 20 markets. All three companies are rapidly expanding backlight installations.

Technology is a factor in the booming backlights business. In recent years, the graphic technologies division has developed the world's largest screen press, capable of printing 14-by-48-ft. sheets, at its 3M-Italy plant in Bologna. Gannett's Mediacom subsidiary in Toronto, by comparison, recently has developed North America's largest screen press, capable of printing 10-by-30-ft. sheets.

"As outdoor advertising locations become dearer, the desire to make a site more valuable means building it up by installing backlights," Mr. Devine says.

The graphic technologies division also continues to iron out difficulties with 3M's Comput-a-paint system, a computerized, four-color painting process now under development. The 3M system is in a race with Mitsubishi Corp. of Japan to revolutionize production of painted bulletins. The systems would provide magazine-quality reproduction in hours, compared with wide variations in quality from hand-painting, which takes several days.

There also have been several personnel shifts at 3M National, including the appointment in January, 1986, of Jack Pickett as general manager and Jim Shaeen as eastern marketing director. This completes a management restructuring that began late in 1984 with the appointments of Harry Bolin as western marketing director; Tom Devine, marketing operations manager; Frank Loftus, sales manager-national accounts, and Paul Gill, research manager.

MEDIA PROPERTIES

3M National Advertising Co.

RANK
3

Time Inc.

New York

($ in millions)

Corp. returns	**1985**	**1984**	**% chg**
Media sales	2,852	2,576	10.7
Total sales	3,404	3,067	11.0
Net income	200	216	(7.4)

Sales by media	**1985**	**1984**	**% chg**
Newspaper	—	—	—
Magazine	1,482	1,321	12.2
Broadcast	—	—	—
Cable	1,370	1,255	9.2
Outdoor	—	—	—

In an era of unfriendly takeovers and a less buoyant economy, Time Inc. has moved toward a new strategy that includes cost-containment measures, a reorganization to further bolster its magazine group, and a spate of acquisitions that will be paid for in part by the 20% sale of its American Television & Communications Inc. subsidiary.

The nation's third largest media company had an over-all revenue growth of 11% to $3.4 billion in 1985 over 1984; however, earnings dropped 7.4% to $200 million. Earnings were affected by a $13 million charge against staff reductions, a decline in interest income from lower cash balances and the absence of a 1984 pretax gain of $37 million. The media portion of Time Inc. was up 11.5% in revenue, but down 1% in pretax operating income to $396 million.

Media revenues, which represented 84% of total revenues—about the same per cent as in 1984—are derived from a video operations unit and a magazine group, which publishes 11 magazines, including *Time*, the nation's No. 1 title in total advertising revenue, according to Publishers Information Bureau, New York. A third division, books and information services, is not considered media in this report.

Magazine group revenues increased 12%, while pretax operating profit declined 6% to $176 million. The drop in income was primarily because the acquisition in March, 1985, of Southern Progress Corp.

Video operations include Home Box Office, the nation's largest pay cable service; Cinemax pay cable, and ATC, the nation's second largest cable tv system operator. Revenue from video operations was up 9%, and pretax operating profit was up 3% to $220 million.

During 1985, Time Inc. initiated a plan to cut operating costs in 1986 by $75 million or 2.5% because of a slowed economy and an effort to fund growth "internally or by acquisition." To meet that goal, Time Inc. tightened some of its liberal benefits and laid off 136 employes.

Through much of 1985, Time Inc. was visibly concerned about the potential of a hostile takeover. It adopted tough antitakeover measures. But it was reported to have had friendly merger discussions as well with several sources, including Gannett Co. Time Inc. in June, 1986, authorized the repurchase of 10 million shares, or 16% of Time's shares outstanding—a move designed to put a floor beneath the stock.

Time Inc. spent $480 million in March, 1985, for Southern Progress in its biggest to-date magazine investment. Southern Progress publishes *Southern Living, Creative Ideas for Living* and *Progressive Farmer.* While the purchase caused operating income to drop slightly in 1985, the publishing company says the acquisition "has been successful beyond our expectations . . . and will add to 1986 earnings." In October, Southern Progress purchased W.R.C. Smith Publishing Co., Atlanta, publisher of *Southern Accents*, and merged into it *Southern Living Classics*, an every-other-monthly it recently had introduced that closely resembled *Southern Accents.*

Time Inc.'s magazine group saw many changes this past year. A test of Picture Week, a newsstand-only human-interest photo weekly, was suspended last February after 4½ months and is scheduled to resume in mid-July. The company also is taking a financial stake in a new magazine, *Parenting*, to be published outside Time Inc.

The magazine group also underwent a major reorganization involving 18 executives. The most significant action in the move was the formation of a four-man executive team, headed by Kelso Sutton, exec vp, Time Inc., to run the group.

While magazine industry advertising revenues were lukewarm in 1985—rising just 4% over-all—Time Inc.'s publications saw a 9% gain in ad revenues to a record $840 million. For the

16th consecutive year. *Time* was first in ad revenues among all publications, up 3.3% to $346.6 million, according to PIB.

Life, meanwhile, had its best year since resuming publication as a monthly in 1978, with ad revenue gains of 14% to $39.8 million. *People* also had a record year as ad revenues increased 8% to $250.7 million. And *Money*, which Time Inc. calls the nation's "fastest-growing major magazine," had revenue gains of 8% to $237.3 million.

Time Inc. also moved to strengthen its international holdings in September with the purchase of a majority interest in *Asiaweek*, a leading English-language magazine that is in a neck-and-neck battle with Dow Jones & Co.'s *Eastern Economic Review*. Earlier this year, Time Inc. also joined in a venture with John Fairfax & Sons to publish *Time South Pacific*.

On the video front, Time Inc. posted gains in revenues and profits and reach an agreement to sell 20% of its ATC cable subsidiary in a public offering. Proceeds of the sales, estimated to run as much as $400 million, will be used for acquisitions, says Time officials.

In December, ATC and four other companies purchased nearly all the cable operations of Westinghouse Electric's Group W. Total Group W purchase price is estimated at $1.75 billion. Time Inc. expects to pay about 20% to 30% of that price for its share. ATC, meanwhile, increased its number of subscribers to 2.7 million, up 200,000 from 1984.

Home Box Office and Cinemax turned in strong performances. HBO posted a slight gain in subscribers to 14.6 million; Cinemax moved to 3.7 million from 3.3 million, making it the nation's third largest pay service.

HBO also signed a series of deals with major studios giving it film rights. The latest agreement was reached in early June, 1986, with Warner Brothers Inc. that gives HBO rights to Warner Brothers' films for the next five years. The deal is valued at an estimated $600 million. Other deals were struck with Columbia, Orion Pictures, Universal, Twentieth Century-Fox and Tri-Star Pictures. HBO this year began testing a third pay channel called Festival.

In other ventures, Time Inc.'s Selling Areas Marketing Inc. market research company signed an agreement earlier this year to purchase Burke Marketing Services. SAMI and Arbitron Ratings Co., in another agreement, plan a joint venture to monitor audience viewing of tv and commercial verification by brand, product and manufacturer.

MEDIA PROPERTIES

Cable/video

CHANNELS: Cinemax, Home Box Office.
SYSTEMS: American Television & Communications Corp.—Operates within 470 franchise areas in 30 states.

Magazines

Asiaweek (84% ownership), *Creative Ideas for Living, Discover, Fortune, Life, Money, People, Picture Week, Progressive Farmer, Southern Accents, Southern Living, Sports Illustrated, Time.*

OTHER OPERATIONS

Book-of-the Month Club, Little Brown & Co., Oxmoor House, Selling Areas-Marketing, Time-Life Books, Time-Life Video.

Times Journal Co.

RANK **87**

Springfield, Va.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	115	96	20.0
Total sales	155	133	16.5
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	115	96	20.0
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Times Journal Co., Springfield, Va., broke even for the first time on its Journal newspapers serving suburban Washington, launched *Defense News* and closed its *Times Magazine* supplement to *Army Times* in boosting media sales 20% in 1985 over 1984.

The nation's 87th largest media company, Times Journal, launched *Defense News*, a national weekly newspaper devoted to defense, security and strategic policy, amid great fanfare January, 1986, throwing a coming-out party that included as guests Defense Secretary Caspar Weinberger, top Reagan administration officials and some 30 members of Congress.

Defense News printed several preview issues in 1985. Its circulation is pegged at 12,000, although it has not yet been audited. Annual subscription price is $65, or $2 an issue at newsstands. Start-up costs may have approached $5 million for the publication, which the company says has "surpassed our hopes, both in circulation and advertising." *Defense News* has an editorial staff of 12 in Washington and correspondents in Israel, Paris, London and Brazil. Richard C. Barnard, a former editor of *Defense Week*, is the new publication's editor; Jack Kerrigan, a 25-year veteran of the *Washington Post*, is its publisher.

Defense News is part of the Times Journal Co.'s Army Times group, which began in 1940 with the publication of the *Army Times* and added the *Air Force Times* (1947), *Navy Times* (1951) and the *Federal Times* (1965). The group also publishes *Military Market*, a trade magazine for military commissary and exchange personnel.

Times Journal officials say although circulation for the Times publications remained fairly constant at about 320,000 in 1985, advertising revenues increased 7%, primarily because of a 5% display ad increase.

The Army Times publications discontinued publication in December of *Times Magazine*, a slick-stock insert supplement to the military Times papers; elements of the magazine were consolidated into the *Life in the Times* section of the publications.

Bigger revenue producers for privately held Times Journal are the five suburban Journal newspapers, five-day-a-week papers covering Washington's Maryland and Virginia suburbs. In 1984, the papers showed a profit for the first time since they went from a twice-weekly status in 1981, and built on those profits in 1985, although the company would not say how much.

As did the Times publications, circulation at the Journal papers remained relatively flat in 1985, increasing to 151,206 at the end of the year from 150,000 in 1984. Both classified and display ad rates were hiked in 1985, and total advertising revenues from the five papers increased almost 27% from 1984.

Journal publisher Geoff Edwards says he believes the papers' relatively flat circulation figures are the result of a settling-in process as subscribers become accustomed to a daily format. "I think we'll see a growth of maybe 10,000 subscribers a year for the next few years," Mr. Edwards says.

The Journal papers not only face stiff competition from increasing suburban coverage by the *Washington Post*, but also by competing local newspapers in the Journal papers' five circulation areas—Prince Georges and Montgomery counties in Maryland, Arlington and Fairfax counties in Virginia, and the city of Alexandria in Virginia.

In 1985, as in 1984, Times Journal spent almost $500,000 in radio advertising promoting circulation and classified advertising for the Journal papers. In 1986, the company has added tv advertising, much of it in support of its redesigned Friday real estate section—now a tabloid insert—and will spend an estimated $1.5 million in radio and tv promotional efforts.

Times Journal Co. has two other divisions, the Times Journal Printing Co., and Times Journal Telemarketing Co. Revenues were down for the telemarketing division, which not only solicits subscriptions for Times Journal but also for other companies and services such as automobile clubs and credit card insurance.

Revenue at the Times Journal Printing Co. leveled off in 1985, says Steve Ackley, public affairs director, primarily because of revenues lost when the *Washington Post* discontinued printing its Sunday tv guide on Times Journal presses. The printing division did pick up some new customers in 1985, including the Audubon Society's tabloid newspaper and the *Chronicle of Higher Education*. Times Journal Publishing Co. continues to print *USA Today's* regional editions and Times Mirror Co.'s *Sporting News*.

MEDIA PROPERTIES

Magazines

Military Market (trade magazine).

Newspapers (dailies)

MARYLAND: *Montgomery Journal, Prince Georges Journal.* VIRGINIA: *Alexandria Journal, Arlington Journal, Fairfax Journal.*

Newspapers (nondailies)

NATIONAL: *Air Force Times, Army Times, Defense News, Federal Times, Navy Times.*

Other media operations

Times Journal Printing Co., Times Journal Telemarketing Co.

Times Mirror Co.

RANK **5**

Los Angeles

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	2,171	1,988	9.2
Total sales	2,959	2,805	5.5
Net income	237	233	1.9

Sales by media	1985	1984	% chg
Newspaper	1,620	1,472	10.1
Magazine	144	140	2.9
Broadcast	129	125	3.3
Cable	279	252	10.8
Outdoor	—	—	—

Times Mirror Co. media operations, ranked fifth among the nation's media companies, underwent considerable shuffling in 1985, but nothing like the first half of 1986 in which the company shelled out $600 million for A.S. Abell Co., owner of the Sunpapers in Baltimore, and $10 million for the prestigious weekly magazine *National Journal.(See the A.S. Abell profile elsewhere in this report.)*

The heavy buying by the Los Angeles-based company followed a year in which the company sold three of its seven tv stations, closed Gateway videotex, bought the *Morning Call* in Allentown, Pa., and launched a New York City special edition of *Newsday*.

Times Mirror, whose earnings increased 1.9% in 1985 from 1984—largely because of tax considerations (operating earnings were up 14%)—will experience a dilution of earnings from the Abell acquisition for four to five years, according to the company. In the first quarter, which closed just before the purchase, net income fell 22% to $34.5 million on a slight decline in revenue to $693 million.

Newspaper publishing, accounting for 51% of total revenues at Times Mirror, improved by 10% in 1985 aided by the acquisition of the Allentown (Pa.) *Morning Call* and increases in ad linage at Times Mirror's eastern newspapers.

But while its eastern newspapers prospered, Times Mirror's western papers, notably the *Los Angeles Times*, didn't fare as well. Full-run ad linage at the *Times* dropped 4% compared with 1984. Over-all, newspaper group operating profits rose 5%, with declines offset by ad rate hikes and expense controls.

Times Mirror's book, magazine and other publishing segments ended 1985 with a 14% increase in revenues and a 15% gain in operating profits. The magazine division reported reduced profits, a downturn marked by the soft national advertising environment. Cable tv experienced a record year, with revenues up 11% and operating profits increasing by 25%. Times Mirror made these gains by restructuring its operation, divesting unprofitable systems and trading others to focus on specific regions, such as the greater Phoenix area.

In March, 1986, Times Mirror decided to dump its struggling Gateway videotex system, after numerous attempts to revive the information system failed. Times Mirror management said that after 15 months of commercial trial, it didn't believe there was sufficient consumer demand to make it an ongoing business.

In October, 1985, the *Los Angeles Times* dumped its 40-year-old *Home* magazine for a new, glossy publication named the *Los Angeles Times Magazine*. In its 8¼-by-10¾-in. consumer size, the magazine is designed to attract the national and retail advertisers that had become disillusioned with its predecessor. Many observers predict it may signal a trend in the Sunday magazine field.

For its maiden issue, the *Los Angeles Times Magazine* had a whopping 184 pages—a radical change from the skimpy appearance of *Home*. But since then, the size of the issues has dropped substantially, although Times Mirror insists the magazine is performing precisely as expected—an average of 48 pages per issue, with 65% of ad revenue from national advertisers.

As a potential circulation booster, the *Los Angeles Times* introduced a new feature, a "Monday Sports Special," a color wrap-up of weekend sports news. It also stepped up its business coverage.

The 1,088,155-plus circulation paper introduced a new San Fernando Valley edition in October, 1984, enabling the *Times* to compete head-to-head against the Los Angeles *Daily News* in the Valley and southern Ventura County. The *Times'* daily circulation in the San Fernando Valley was 185,926 in 1985, compared with 177,316 in 1984. On Sunday, the Valley circulation was 217,673 in 1985, compared with 210,148 a year earlier.

The *Los Angeles Times* set up an internal committee to determine the feasibility of a western edition for the West Coast and some contiguous states.

While the *Times* dominates the Los Angeles market, other Times Mirror papers face tough competitive challenges in the weak economies of Denver and Dallas.

Its *Denver Post* received a massive circulation boost after the ABC allowed it to count as paid circulation 50,000 readers it added in a distribution deal with a local cable tv operator. In a controversial agreement with United Cable of Colorado, the *Post* incorporated the cable operator's program guide into its Sunday paper.

The *Dallas Times Herald* by most accounts seems to be losing in its war against A.H. Belo Corp.'s *Dallas Morning News*. For the six-month period ended March 31, 1986, the *Times Herald's* daily circulation rose 1.5% to 244,629, but that slight gain was made with the help of contests and promotional giveaways. The *Times Herald* still lags the *News* by a wide margin—145,646 copies.

In an attempt to shore up the *Times Herald's* numerous problems, *Los Angeles Times* publisher Tom Johnson took on the additional responsibility of running the Dallas paper. For a year before new management was put in place, Mr. Johnson spent about 60% of his time in Dallas, where he was publisher before moving to the *Times*. Many have criticized Times Mirror's management ranks as too thin.

During the year, the *Times Herald* put into operation the first of four offset presses and a satellite facility for inserting preprints, actions meant to make the paper more attractive to advertisers and readers.

Also to that end, the Dallas paper introduced a special section on Mondays called *Dallas Inc.*, a tabloid covering business news features.

The paper hired Arthur Wible away from the Chicago-based Tribune Co.'s *New York Daily News* to become president of the *Times Herald* in the fall of 1985, a vacant post. In addition, *U.S. News & World Report* and Washington Post alumnus Shelby Coffey III joined the paper as editor, replacing Will Jarrett, who resigned.

Concentrating on trying to build circulation, the paper has undertaken extensive market research, which led to a number of editorial changes, including new sections and new graphics.

Newsday is expanding from its suburban base, having launched a special New York City edition of the paper in April, 1985, promoted by a $3 million tv, radio and outdoor board advertising campaign. The move puts the 500,000-circulation Long Island daily in competition against the *New York Times*, the New York *Daily News* and the *New York Post*. Industry estimates are Times Mirror is investing $10 million in the expansion. It intends to have the edition on every newsstand in Manhattan by yearend.

While it began as a special edition for Queens, the company is increasing its staff, trimming suburban news from the paper in a bid to become the complete newspaper for all of New York City.

Times Mirror acquired the *Morning Call* in Allentown, Pa., in late 1984. Since then, the *Call* has revamped and renamed its Saturday tabloid. The paper redesigned its Sunday package as well.

Times Mirror magazines gained the *National Journal* in late May, 1986, paying Anthony Stout for his 80% share of the magazine and the Washington Post Co. for its 20% equity. The publication, with only 5,000 circulation, has influence far beyond those numbers. It carries a hefty $546 one-year subscription. Ad revenues for 1985 were $1.9 million, a 119% increase over 1984, on 552 ad pages, up 91.2%. The publication just began accepting ads in 1982.

Times Mirror magazines named Andrew Dempsey, formerly exec vp, McCall Corp., as president, replacing John A. Scott, now publisher, *Madison Avenue* magazine. James Kopper, a former president of Ziff-Davis, took on the new title of exec vp-group publisher.

The company entered into an agreement to sell three of its seven tv stations for $84 million, a move that freed it to make bids in larger markets. The stations, sold to Smith Acquisition Corp., were in Harrisburg, Pa., and Syracuse and Elmira, N.Y. As part of its plan to redeploy its assets, Times Mirror sold 80% of its Publishers Paper Co. to the Jefferson Smurfit Corp. The company completed the transaction in Febuary, 1986. The company also has stated its intention to dispose of its timberlands.

Otis Chandler, who was publisher of the *Los Angeles Times* from 1960 to 1980 and chairman and editor-in-chief of Times Mirror for the past five years, added the title of chairman of the executive committee of the board of directors. He succeeded Franklin Murphy, who reached the mandatory retirement age of 70.

At the annual meeting in April, 1986, Times Mirror announced that, as of Jan. 1, 1987, senior vp-eastern newspapers David Laventhol would become president of Times Mirror, succeeding Robert F. Erburu, who continues as chairman-ceo. Additionally, Tom Johnson, senior vp-western newspapers, takes on the additional post of vice-chairman of the corporation. Exec vp Phillip Williams will become vice-chairman of the board.

MEDIA PROPERTIES

Broadcasting

TV: KDFW-TV, Dallas; KTBC-TV, Austin; KTVI, St. Louis; WVTM-TV, Birmingham, Ala.; (from Abell Co.) WMAR-TV, Baltimore, and WRLH-TV, Richmond.

Cable/video

SYSTEMS: ARIZONA: Bullhead City, Casa Grande, Eloy, Fountain Hills, Heber, Lake Havasu, Nogales, Paradise Valley, Phoenix, Rio Verde, Superior, Tempe. CALIFORNIA: Escondido, Laguna Beach, unincorporated Orange County, San Juan Capistrano, Palos Verdes. CONNECTICUT: Meriden. ILLINOIS: Springfield. INDIANA: Lafayette. KENTUCKY: Ashland. MASSACHUSETTS: Amherst, Greenfield, Longmeadow, Palmer, Weymouth. NEVADA: Las Vegas. NEW YORK: Riverhead. OHIO: Caldwell, Cambridge, Coshocton, Defiance, Greenfield, Ironton, Logan, Newark, Newcomerston, New Philadelphia/Urichsville, Toronto, Waverly. PENNSYLVANIA: Beaver Falls, Glenolden/Upper Darby, Washington, Williamsport. RHODE ISLAND: Providence, West Warwick. TEXAS: Del Rio, Kerrville, Marlin, Midland, Texarkana, Uvalde. WEST VIRGINIA: Weirton.

Magazines

Golf, Outdoor Life, Popular Science, Ski, Sporting News; (pending from Abell Co.) *Mid-Atlantic Country, New England Skiers Guide, Ski Racing, Ski Show Daily* (pending from Government Publishing Corp.): *National Journal*.

Newspapers (dailies)

CALIFORNIA: *Los Angeles Times*. COLORADO: *Denver Post*. CONNECTICUT: *Greenwich Time, Hartford Courant, Stamford Advocate*. MARYLAND: (pending from Abell Co.) *Baltimore Sun & Evening Sun, Sunday Sun*. PENNSYLVANIA: Morning Call, (Allentown). TEXAS: *Dallas Times Herald*. NEW YORK: *Newsday*.

Other media operations

Times Mirror Broadcasting (Greenwich, Conn); Times Mirror National Marketing.

OTHER OPERATIONS

Matthew Bender & Co. (publishing), C.V. Mosby Company (publishing), Year Book Medical Publishers, Learning International, Inc.; Jeppesen Sanderson (flight navigation information), Harry N. Abrams, Inc. (publishing), MEDI-TRACE Products Division, Times Mirror Press, Publishers Paper Co., Times Mirror Land and Timber Company.

Times Publishing Co.

RANK **69**

St. Petersburg, Fla.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	157	152	9.8
Total sales	167	152	9.8
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	153	142	8.2
Magazine	13	10	30.0
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Times Publishing Co., St. Petersburg, Fla., reports gains in both advertising and circulation for its daily newspapers and in September will launch the third of its *Trend* business magazines, the Phoenix-based *Arizona Trend*.

Times Publishing, a privately held corporation, reports a 10.8% increase in revenues from its media properties for 1985 over 1984, making it the 69th largest U.S. media company. Times Publishing is 100% media.

Arizona Trend will be the second statewide monthly business journal to be started by Times in two years. Times reports the year-old *Georgia Trend* is, as of March 31, circulating 24,500 copies. Although both magazines started in a new market, they are not new product categories for Times. *Florida Trend* has been operating since 1958. Its circulation rose 6.5% to 42,997 in 1985.

In the company's primary market, St. Petersburg, both Times papers, the *St. Petersburg Times* and the *St. Petersburg Evening Independent*, report circulation and advertising gains. The *Independent* is showing a 1.7% circulation growth rate two years after its distribution was confined to the immediate St. Petersburg area and the beach communities just south of the city. Circulation, according to six-month ABC statements ended March 31, 1986, was 39,998, up from 38,085 in the corresponding year-earlier period. The morning *Times*, by contrast, circulated 315,698 in the same period, up 9.7%. Sunday *Times* circulation rose a dramatic 10.2% for the same reporting period, to 408,095. The daily and Sunday *Times* papers retain a regional target area. Their distribution is not restricted like the *Evening Independent*.

Ad inches in the morning and evening papers are also on the rise. At the *Times*, ad inches are divided into part-run, ads that appear in one but not all of the *Times* eight regionally-zoned editions, and full-run, ads that appear in all the zoned editions.

For the morning daily, part-run advertising inches were up 13.4% to 2,656,119, according to Leo Kubiet, vp and advertising director. He reports full-run ad inches for the *Times* at 3,858,300, a gain of 4.2% from the previous year. For the *Evening Independent*, where all the advertising is full run, inches totaled 1,661,736, up 8.5%.

Times Publishing is restricted in how it can expand by the will of its former owner, Nelson Poynter, who died in 1978. Mr. Poynter established that the company could not acquire papers other than those it owned when he died—the two St. Petersburg papers. He further stipulated that those two papers never be sold.

This does not keep Times from acquiring or starting magazines such as *Georgia Trend* and *Arizona Trend*. And it also has meant studying the possibilities of cable and other electronics. But Times decided not to venture into those fields.

"We studied the possibility of getting into cable communication videotex or other forms of electronics," Mr. Kubiet says, "and decided against that. We found that it's impractical and not profitable."

Not so the *Trend* magazines. Although Times won't disclose its revenues or earnings from the Georgia and Florida magazines, Mr. Kubiet describes their performance as outstanding.

Arizona Trend is confident its 20,000-controlled circulation monthly will reach the top business and political leaders statewide. Although it will compete with two weeklies, Scripps Howard's *Phoenix Business Journal* and the *Arizona Business Gazette*, owned by the *Arizona Republic & Phoenix Gazette* newspaper, *Arizona Trend* will be the only slick, in-depth monthly aimed directly at business and community leaders.

Ad director Blayne Bosse says *Arizona Trend* will start off charging advertisers $1,690 for a full-page, b&w ad, with four color to cost $700 more. As an incentive, charter advertisers will be able to get one ad free for buying three.

Arizona Trend has its genesis in a prototype slick monthly called *Arizona Inc.*, published in November by former associate publisher of the *Des Moines Register* James Kaiser. Mr. Kaiser sold the idea to Times Publishing and now will stay on to direct *Arizona Trend*.

Times Publishing is confident a monthly business magazine can sell in Arizona because it gained a foothold in Georgia. *Georgia Trend's* circulation is up 22.5% from a year earlier, when it started with a 20,000 paid-controlled circulation mix.

In Georgia, *Georgia Trend* competes with Scripps Howard's *Atlanta Business Chronicle* and Communication Channels Inc.'s *Business Atlanta* monthly.

The Times Publishing-owned Modern Graphic Arts will be printing all three *Trend* publications. A commercial printing house, its revenues of $7.7 million are folded into newspaper revenues. Modern Graphic Arts also prints inserts and the covers for the Sunday *Times TV Dial* guide.

Times Publishing further puts out "Congressional Quarterly" and Editorial Research Reports. Mr. Kubiet reports sales for these two publications of $13.3 million, all of which is folded into the magazine total.

MEDIA PROPERTIES

Newspapers (dailies)

St. Petersburg Times, St. Petersburg Evening Independent.

Magazines

Florida Trend; Georgia Trend; Arizona Trend (startup September, 1986).

Other media operations

"Congressional Quarterly," Editorial Research Reports; Modern Graphic Arts commercial printer.

Promo king: 'LA Times'

The *Los Angeles Times* spent $2 million in advertising itself to lead all other newspapers in self-promotion in 1985, according to LNA, which monitors national advertising. Other leaders: *Chicago Tribune*, $1.6 million; *Boston Herald*, $1.4 million.

Triangle Publications

RANK **20**

Radnor, Pa.

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	720	657	9.6
Total sales	720	657	9.6
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	72	68	5.9
Magazine	648	589	10.0
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Triangle Publications, Radnor, Pa., relaunched a magazine discontinued more than a decade ago and suffered declining ad pages but increased ad revenues from its two long-standing magazines in reporting over-all net revenue growth of an estimated 4.3% in 1985.

Triangle, ranked the 20th largest media company, is a private company owned by Walter Annenberg, who relinquished his title of president to William Henrich in 1985 while adding his own name to the new role of chairman.

Triangle in February, 1986, added *Good Food*, a digest-size consumer weekly, to its publications lineup after a hiatus of 12 years. The company already publishes two magazines, *TV Guide* and *Seventeen*, as well as the turfside newspaper, the *Daily Racing Form*. Triangle published eight issues of *Good Food* in 1974.

A subsidiary, Triangle Communications, was created by the parent company in 1985 to accommodate the operations of *Good Food* and *Seventeen*. Frank G. Wolf, former publisher of *Seventeen*, was named group publisher.

For a number of reasons, the relaunch of *Good Food* met with less success than anticipated. Twelve years ago, the magazine averaged 1.3 million in circulation with an average of 40 ad pages an issue. In the intervening years, competition in the food magazine category has intensified. Advertisers, apparently concerned about the company's commitment to the project, have adopted a wait-and-see attitude.

According to Mr. Wolf, the initial issue of *Good Food* contained 20 ad pages. Two million copies of the inaugural issue were circulated in more than 40,000 supermarkets (it has a 750,000 guaranteed circulation rate base). Single copies go for $1, and subscriptions, $12 per year.

Through the first six issues, Mr. Wolf expects the magazine to average 12 pages of advertising. Despite the seemingly slow start, Mr. Wolf is optimistic. "Our judgment is that with the growing interest in food and nutrition we should be successful," he says. "We had some initial problems with our supermarket distribution, but those wrinkles have been ironed out. We expect strong results from our yearend subscription drive. Our reader mail has been so positive that we know there is a demand for our product."

Triangle is prepared to stand behind the publication to make it a success, he says. Work has just been completed on a test kitchen for *Good Food*. Bob Young, formerly with *New York*, was hired as associate publisher-advertising.

Seventeen, the other publication under Mr. Wolf's direction as group publisher, had another strong year in 1985. Although advertising pages were down 4% to 1,437, gross ad revenue climbed 5.9% to $34,145,984, according to Publishers Information Bureau.

Circulation rose to an all-time high of 1,750,513, according to yearend ABC figures, a slight 0.3% increase over 1984. *Seventeen* has achieved new single-issue circulation records for 34 of the past 36 issues.

Seventeen attributes its success to its increasing penetration of the teen market. It is achieving circulation highs at a time when the number of 13-to-19-year-olds is on the decline—an upturn in this demographic is not expected until 1992. In 1986, Mr. Wolf says, the magazine will reach 14.3% of the 12.3 million American teen agers with its 1.75 million circulation. By contrast, in 1976, when the number of American teens was at an all-time high of 14.7 million, *Seventeen's* market penetration stood at 9.8% from 1.45 million circulation.

TV Guide, by far the most powerful of Triangle's publications, carried 3,670 ad pages, a 3.4% drop, according to PIB, which monitors gross ad revenues. However, those pages generated 3.2% more in gross ad revenues for a 1985 total of $314 million.

TV Guide has been unable to reverse a declining circulation trend, prompted in part by a September, 1984, price increase to 60 cents on newsstands and $29.90 basic subscription, costs up 20% and 28%, respectively. The publication's average circulation dropped 1.2% to 17,002,000 in 1985. Circulation for 1985 was equally divided between subscription copies and newsstand sales.

In reaction to the circulation decline, *TV Guide* will initiate a rate base reduction to 16,400,000 from 17,000,000 effective July 5, 1986. However, any ad rate adjustments will be offset by rate increases. The cost of a four-color page in *TV Guide* will rise by 1.2% in July. A one-time insertion for a four-color ad in the magazine now costs $94,700.

"We still will have the largest circulation of any magazine in America," says William Deitch, assistant to *TV Guide* publisher Eric G. Larson.

Through 1986, the magazine has had an average of 16.9 million issues sold, just slightly below its guarantee.

TV Guide's editorial product continued to expand to reflect the interests of the tv viewer. Coverage in 1985 included an increased emphasis on videocassette recorder usage and cable. Page format listings were changed.

Michael P. Sandler, publisher of the *Daily Racing Form*, reports that ad revenues for the broadsheet were up 12% from 1984 levels, though he would not provide specific figures. The publication is largely circulation driven.

Mr. Sandler believes this advertising interest mirrors the growing interest of the general public in horse racing as more and more states approve racing, and others sanction off-track betting and simulcasting. To keep up with increased demand, the *Daily Racing Form* has added editions, printing as many as 45 regional editions on Kentucky Derby day.

It has begun satellite transmission of its West Coast editions to a Seattle printing and distribution facility. A similar satellite relay system is planned to link East Coast operations between Hightstown, N.J., and Pompano Beach, Fla., for publication of an all-Florida edition.

ABC figures show net paid circulation for 1985 at 183,559 on Saturday, 124,787 on Monday, and 107,163 each Tuesday through Friday. These figures are about 1% lower than 1984 levels.

Triangle Publications also operates a magazine distribution network that circulates five titles in addition to the company's own publications.

MEDIA PROPERTIES

Magazines

Good Food, Seventeen, TV Guide.

Newspapers (dailies)

Daily Racing Form.

Tribune Co.

RANK **9**

Chicago

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,684	1,597	5.4
Total sales	1,938	1,794	8.0
Net income	124	103	20.2

Sales by media	1985	1984	% chg
Newspaper	1,357	1,275	6.5
Magazine	—	—	—
Broadcast	273	237	15.3
Cable	53	40	33.1
Outdoor	—	—	—

Tribune Co., Chicago, experienced strong gains in 1985 influenced by returns from its record-breaking acquisition of KTLA-TV, Los Angeles, and by the financial performance of its leading newspaper sector, even though the company's two big-city dailies posted circulation declines.

The Chicago-based company also sold the Los Angeles *Daily News* and began to divest all its cable properties. Gross proceeds from the disposition of the *Daily News* and 15 cable systems was $506.5 million.

Media revenues ranked Tribune the ninth largest media company in 1985. Those revenues represent nearly 90% of the corporate total, and rose 9% in 1985, compared with an over-all revenue growth of 8%. The only nonmedia operations are newsprint and forest products division and the Chicago Cubs baseball team. Over-all operating profits were $241.4 million, a 28% gain.

The $510 million KTLA purchase from Golden West Television made Tribune Co. the nation's fourth largest broadcaster, behind the three networks, by giving the company an entree to 18.6% of U.S. tv households. But it also required Tribune to divest the Los Angeles *Daily News* and several cable tv systems to comply with FCC cross-ownership rules.

While analysts believed Tribune Co. overpaid by as much as $100 million for the plum tv station, the company also reaped surprising rewards from its divestitures. The *Daily News*, sold to Jack Kent Cooke for $176 million in December, was a four-day-a-week community shopper when the company bought it for $24 million in 1973. It now is a paid daily with a circulation of 150,000.

Required sales of two Los Angeles-area cable systems led to the eventual sale of the company's entire cable operation amid disappointing returns from its investment. So far, the sale of eight systems to Jones Intercable, Denver, has been completed for $195 million. Others are pending.

The newspaper publishing segment, which makes Tribune Co. the fourth-largest newspaper publisher in the U.S., recorded a 6.5% gain in revenues from 1984 and operating profits of $175 million, up 21%.

While nonunion dailies in Fort Lauderdale and Orlando, Fla., remain profitable, the company has faced troubling situations in large markets. A year-old strike by 1,000 unionized production workers at the flagship *Chicago Tribune* continues, despite at least symbolic attempts to reconcile disagreements between management and staff.

Tribune management says automation has made high unionized staffing levels unnecessary, and it has sought to retrain workers for other departments. Union members believe such redirection of labor will cost them job seniority and have picketed the *Tribune* since July, 1985.

Tribune officials used the occasion of the strike last August to implement a planned phaseout of its late-afternoon Green Streak edition, which it replaced with a revamped national edition circulated primarily via new satellite printing sites near St. Louis and Madison, Wis. It later increased distribution of that edition at Chicago-area newsstands.

New sections introduced last year include three zoned tabloids: a revamped "Style" fashion and life-style section, a new Monday business tab and "Friday," a successful weekend entertainment vehicle zoned to nine regions of the metropolitan area.

Average daily Tribune circulation for the six months ended March 31, 1986, was 760,031, down 2%, which for the first time put it below the *Washington Post* rankings. Sunday circulation was 1,163,083, down 0.2% from the year-earlier period.

Meanwhile, the *Daily News* in New York has faced intensified competition from Times Mirror Co.'s Long Island, N.Y., *Newsday*, whose expansion into Manhattan has given it a 100,000-circulation foothold.

Properties bought and sold by

Buyer	Electronic property	Seller	Price
Ackerley Communications	KCBA-TV, Salinas/Monterey, Cal.	Sainte Broadcasting	$13,100,000
Amzak, Inc. (Community Cablesystem)	Cable systems serving Fridley, Bloomington, and St. Louis Park, Minn.	SCI Holdings (KKR)	N/A
Cablevision Industries	Cable systems serving Glen Falls, Oneida and Fredonia, N.Y.; Jackson, Tenn.	Tribune Co.	53,000,000
Capital Cities Communications	WPLO(am), Atlanta	Dyson Kisner Moran Corp.	6,850,000
	KQRS(am,fm), Minneapolis	Hudson Broadcasting Corp.	10,500,000
	Cable system serving Union City, Cal.	Storer Communications	N/A
Citizen's Cable Communications	Cable system in Fort Wayne, Ind.	Cox Cable Communications	9,750,000
Dick Clark	United Stations Radio Networks, New York	RKO General	10,000,000
Communications Services, Inc.	Cable systems serving Gainesville and East Texas; Fort Smith, Ark.	Rogers U.S. Cablesystems	N/A
Continental Cablevision, Inc.	Cable systems serving Fresno, Tulare County, Yuba City/Marysville, Cal., and Telcab Communications, Reno, Nev.	McClatchy Newspapers	N/A
	Cable system serving Hampton, N.H.	TCI	N/A
	Cable system serving Northville, O.	Group W	N/A
	Commonwealth Cablevision of Western Mass. (60% Interest)	Commonwealth Cablevision	N/A
Cook Inlet Communications, L.P.	WTNH-TV, New Haven, Conn.	Capital Cities Communications	170,000,000
Cox Enterprises	Cable system serving Fortuna, Cal.	Storer Communications	Exchange
Crain Communications	WWUS(fm), Big Pine Key, Fla.	Lower Keys Broadcasting Co.	N/A
Daniels & Associates	Cable system serving Tuolumne, Cal.	Viacom International	7,300,000
Eastern States Broadcasting	WPJB(fm); WEAN(am), Providence, R.I.	Providence Journal Co.	N/A
Federal Communications	WARY(am); WVEZ(fm), Louisville, Ky.	Multimedia Inc.	3,150,000
First Media Corp.	WCPX-TV, Orlando, Fla.	Outlet Communications	200,000,000
Freedom Newspapers	WRGB-TV, Schenectady, N.Y.	Universe Communications Corp.	56,000,000
Gannett Co.	KTKS(fm), Dallas	American Broadcasting Cos.	16,000,000
	WALA-TV, Mobile, Ala.; KOLD-TV, Tucson, Ariz.; KTVY-TV, Oklahoma City; WWJ(am)-WJOI(fm), Detroit; WDVM-TV, Washington; KVUE-TV, Austin, Tex.	Evening News Association	717,000,000
	KCMO(am) and KBKC(fm), Kansas City, Mo.	Summit Radio of Kansas City	11,200,000
	KHIT(fm), Seattle	Bingham Broadcasting of Washington	6,500,000
Peter Gilbert	Staten Island Cablevision, New York	Continental Cablevision	N/A
Gulfstream Cablevision	Cablesystem serving Pasco County, Fla.	Storer Communications	N/A
H&C Communications	KSAT-TV, San Antonio, Tex.	Outlet Communications	153,000,000
Hauser Communications	Cable system serving Montgomery County, Gaithersberg, Md.	Tribune Co.	40,000,000
	Cable system serving northwest suburbs of Minneapolis	Storer Communications	23,000,000
Hearst Corp.	Cable system serving Saratoga, Cal.	Video Engineering	N/A
Heritage Broadcasting Group	KDLT-TV, Mitchell, S.D.; KEVN-TV, Rapid City, S.D.; KIVV-TV, Lead, S.D.	Dakotaland Broadcasting Co.	15,500,000
	Three cable systems serving Dallas	Warner Amex Cable Communications	110,000,000
	Gill Cable, San Jose, Cal. (51% Interest)	Gill Industries	43,000,000
David Hermelin	WWJ(am)-WJOI(fm), Detroit	Gannett	39,000,000
Hubbard Broadcasting	KOBR-TV, (formerly KSWS-TV) Roswell, N.M.	KCBD Associates	3,000,000
Jacor Communications	WGST(am)-WPCH(fm), Atlanta; Georgia Radio News Service	Meredith Corp.	20,000,000
Jones Intercable	Cable systems serving Lakewood and Palmdale, Cal.; Albuquerque, N.M.; Tampa, Fla. (pending); Houghton, Mich.; Glencoe and Owatonna, Minn.; Milwaukie, Ore.; Alexandria, Va.	Tribune Co.	237,500,000
Journal Co.	WSAU(am)-WIFC(fm), Wausau, Wis.	Wausau Radio (David Eskowitz)	1,875,000
	WSYM-TV, Lansing, Mich.	F&S Communications/News	8,200,000
Knight-Ridder Broadcasting	KOLD-TV, Tucson, Ariz.; KTVY-TV, Oklahoma City; WALA-TV, Mobile, Ala.	Gannett Co.	160,000,000
Lorimar-Telepictures	WAGA-TV, Atlanta; WSBK-TV, Boston; WJKW-TV, Cleveland; WJBK-TV, Detroit; KCST-TV, San Diego; WITI-TV, Milwaukee; Storer Programs; Storer Television Sales; a Washington News Bureau	SCI Holding, Inc. (KKR)	1,445,000,000
	WTVJ-TV, Miami	Wometco Broadcasting (KKR)	405,000,000
Malrite	KLAC(am)-KZLA(fm), and KJOI(fm), Los Angeles	Capital Cities Communications	
	KSRR(fm), Houston	American Broadcasting Cos.	75,500,000
MCA	WOR-TV, Secaucus, N.J.	RKO General	387,000,000
McCall Publishing Co.	Cable systems serving Syracuse, N.Y.	Rogers U.S. Cablesystems	20,000,000
McCaw Communications Co.	Cable systems in Tucson, Ariz.; Aberdeen, Wash.; Dalles, Astoria, Seaside, and Warrenton, Ore.	Cox Cable Enterprises	90,000,000
Meredith Corp.	KVVU-TV, Las Vegas	Carson Broadcasting Corp.	27,500,000
Art Modell	WWWE(am)-WDOK(fm), Cleveland	Gannett Co.	9,500,000
Narragansett Television Co.	KOVR-TV, Stockton-Sacramento, Cal.	Outlet Communications	104,000,000
New York Times Co.	WNEP-TV, Scranton, Pa.	NEP Communications	40,000,000
	WQAD-TV, Moline, Ill.	Des Moines Register & Tribune Co.	24,000,000
Outlet Communications	WPDS-TV, (formerly WXIN-TV) Indianapolis	Anapcomp Inc.	22,000,000
	WATL-TV, Atlanta	Sillerman-Morrow	28,000,000
Park Communications	WPAT(am,fm), Paterson, N.J.	Capital Cities Communications	49,000,000
Price Communications	WZZM-TV, Grand Rapids, Mich.	Wometco (KKR)	62,000,000
	WKBW(am), Buffalo, N.Y.	Capital Cities Communications	2,000,000
Prime Cable Corp.	Cable system serving northern Prince County, Ga.	Storer Communications	N/A
Prospect Communications	WFAS(fm), White Plains, N.Y.	Affiliated Publications	5,000,000
Providence Journal Co.	WHAS-TV, Louisville, Ky.	Courier-Journal & Louisville Times Co.	85,700,000
	KGSW-TV, Albuquerque, N.M.	Gene Adelstein, Ed Burger, Rich Richardson	N/A
	KMSB-TV (formerly KZAZ), Tucson, Ariz.	Gene Adelstein, Ed Burger	N/A
Queen City Broadcasting	WKBW-TV, Buffalo, N.Y.	Capital Cities Communications	65,000,000
Republic Cable	Cable system serving Glendale and Peoria, Ariz.	SCI Holding	23,500,000
Rifkin & Associates	Cable system serving Southern Tenn.	Rogers U.S. Cablesystems	N/A
R&R Broadcasting	WHYN(am,fm), Springfield, Mass.	Affiliated Publications	7,800,000
Rollins Communications	KAUT-TV, Oklahoma City	Ina Autry	5,600,000
Sammons Communications	Blackhawk Cablesystems, Fort Worth, Tex.	Storer Cable Communications (KKR)	N/A
	Cable systems serving Denton, Tex.; Harrisburg, Pa.; Seneca, Mo.; Tuskegee, Ala.	TCI	N/A
	Cable systems serving Dallas, Corinth, and Hickory Creek, Tex.	Lake Cities Cablevision, Ltm.	N/A
Kohlberg Kravis Roberts & Co.	Cable systems serving Louisville; North Little Rock and Jacksonville, Ark.; Point Pleasant Beach, N.J.	Times Mirror Co.	Exchange
Scripps Howard	WXYZ-TV, Detroit; WFTS-TV Tampa, Fla.	Capital Cities/ABC	246,000,000
Silver Star Communications	WRIF(fm), Detroit	American Broadcasting Cos.	14,000,000
Smith Acquisition Corp.	WHTM-TV, Harrisburg, Pa.; WETM-TV, Elmira, N.Y.; WSTM-TV, Syracuse, N.Y.	Times Mirror	84,000,000
Stauffer Communications	KMIZ-TV (formerly KCBJ-TV), Columbia, Mo.	Richard and Robert Koening	4,250,000
	KYCU-TV, Cheyenne, Wyo.	Burke Broadcasting Co. of Cheyenne	11,870,000
Storer Communications	Cable systems serving Seabring and Avon Park, Fla.	Cox Enterprises	Exchange
Sudbrink Broadcasting Group	KAAY(am)-KLPQ(fm), Little Rock, Ark.	Multimedia Inc.	3,750,000
Alexander Tanger Limited Partners	WQRS(fm), Detroit	Outlet Communications	5,075,000
Tichenor Media Systems	WIND(am), Chicago	Westinghouse Electric	6,855,000
Tidell Communications	Cable system serving Washington County, Ore.	SCI Holdings, Inc. (KKR)	N/A
Times Mirror Co.	Cable systems in Phoenix, Paradise Valley, Mesa, Ariz.; Laguna Beach, San Juan Capistrano, San Clemente, Cal.	Storer Communications	Exchange
Times Publishing Inc.	WVTY(am) Dunedin, Fla.; WTVY(fm), Holiday, Fla.	Sylan Taplinger, Gary Hess, & Martin Spector	1,700,000
Toledo Blade Co.	KTRV-TV, Nampa/Boise, Id.	Cary Jones and John Serrao	4,900,000
United Cable Television Corp.	Cable system serving Hartford, Conn.	Times Mirror Co.	61,500,000
	Cable system serving Tulsa, Okla.	Tele-Communications Inc.	N/A
Viacom International	KMOX-TV, St. Louis	CBS	122,500,000
	KNBQ(fm), Tacoma, Wash; Puget Sound Cable System	Tribune Publishing Co.	184,000,000
Washington Post Co.	Capital Cities Cable Division	Capital Cities Communications	350,000,000
Wesray Inc. and Management	Outlet Communications	Rockefeller Group, Inc.	625,000,000
Westinghouse Electric	KHJ-TV, Los Angeles	RKO General	308,000,000
	KMEO(am,fm), Phoenix, Ariz.	Scripps Howard	16,000,000
	KEZW(am), Denver	Republic Media	1,500,000
	Cable system serving Leon County, Fla.	Gateway Cablevision	5,000,000

NOTE: This list includes media transactions involving only *Advertising Age's* 100 leading media companies between June 1985 and June 1986.

100 leading media companies

Buyer	Print property	Seller	Price
Advanced Publications	Building and printing facilities of Guide Newspapers, New Orleans, La.	**Cox Enterprises Inc.**	N/A
Cahners Publishing Co.	R.R. Bowker Co.	**R.R. Bowker Co.**	$90,000,000
	Physicans Travel & Meeting Guide	**Physicans Travel & Meeting Guide, Inc.**	N/A
Chronicle Publishing Co.	*Computer Sports World*, Las Vegas	**American Gaming Systems, Las Vegas**	N/A
Jack Kent Cooke	*Daily News*, Los Angeles	**Tribune Co.**	176,000,000
Corcoran Communications	*Appliance Manufacturer*	**Cahners Publishing Co.**	N/A
Crain Communications	*New York CityBusiness*	**MCP Inc.**	N/A
Donrey Media Group	*Minot* (N.D.) *Daily News*	**Davies and Dobsons family**	N/A
	Clinton (Ia.) *Herald*	**Robert Evans family**	N/A
	Altus (Okla.) *Times*	**Jefferson-Pilot Group**	N/A
Ducan McIntosh Co.	*Sea*	**Petersen Publishing Co.**	N/A
Dun & Bradstreet Corp.	Southwestern Directory Co., Oklahoma City	**Southwestern Directory Co.**	N/A
	Oklahoma Telephone Directories, Tulsa, Okla.	**Oklahoma Telephone Directories**	N/A
	River City Directories, San Antonio, Tex.	**River City Directories**	N/A
	Southern States Directory Co., Dayton Beach, Fla.	**Southern States Directory Co.**	N/A
Forbes	American Heritage Publishing Co.	**American Heritage Publishing Co.**	N/A
Freedom Newspapers	*Colorado Springs* (Colo.) *Sun*	**Oklahoma Publishing Co.**	N/A
Gannett Co.	*Courier-journal*, Louisville, Ky; *Louisville* (Ky.) *Times*.	**Bingham Family**	300,000,000
	Peekskill (N.Y.) *Star*	**Ogden Newapapers**	5,000,000
Harcourt Brace Jovanovich	*Oklahoma/Texas Farmer-Stockman*	**Oklahoma Publishing Co.**	N/A
	Pocket Survival Guide - Showpower	**Media Group, Ltd.**	N/A
Harte-Hanks Communications	*Dedham* (Mass.) *Daily Transcript; Waltham* (Mass.) *News-Tribune*	**Media News Group**	trade
	Lewisville (Tex.) *Daily Leader; Plano* (Tex.) *Daily Star-Courier*	**Taylor Communications**	N/A
	Century Newspapers of Winchester, Mass.	**C. Peter and Kathryn Jorgensen**	N/A
	Wellesley (Mass.) *Townsman*	**Townsman Publishing Co.**	N/A
	San Antonio (Tex.) *Monthly*	**San Antonio Publishing Co.**	N/A
Horvitz family	*Lake County Telegraph* (Plainsville, O.)	**Media News Group**	N/A
Ingersoll Publications	*New Haven* (Conn.) *Register & Journal Courier*	**Family of Lionel S. Jackson**	170,000,000
	Today Newspaper, Inc.	**Harold Matzner**	N/A
	Fairlawn-East Paterson (N.J.) Shopper, Inc.	**Charles Wruble**	N/A
	West Chester (Pa.) *Daily Local News*	**John Thomas, Lois Ziemba**	N/A
	Warren (O.) *Tribune Chronicle*	**Zell Draz**	27,000,000
International Thomson Holdings	Gale Research Co., Detroit	**Gale Research Co.**	N/A
	AutEx Systems, Wellesley, Mass.	**AutEx Systems**	N/A
	Practical Accountant, Computers in Accounting	**Institute for Continuing Professional Development**	N/A
	Practitioners Publishing, Fort Worth, Tex.	**Practitioners Publishing**	N/A
Landmark Communications	*Greensboro* (N.C) *Adventure*	**J. Body Clapp**	N/A
	Winston-Salem (N.C) *Advisor*	**Eddie and Jerry Rowell**	N/A
	Triad Publishing, Inc.	**Triad Publishing, Inc.**	N/A
Lee Enterprises	Bismarck (N.D.) Tribune Co.	**Howard Communications**	N/A
Maclean Hunter Publishing Co.	GPI Publishing (*Frets, Guitar Player, Keyboard*)	**GPI Publishing**	N/A
Macromedia Inc.	*Woodbridge* (N.J.) *News Tribune*	**Middlesex Publishing Co.**	N/A
McClatchy Newspapers	*Tacoma* (Wash.) *News-Tribune*	**Tribune Publishing Co.**	(Pending) N/A
McGraw-Hill	Certain assets of Data Decision	**Ziff-Davis Publishing Co.**	N/A
	Numerax	**Numerax**	N/A
	Money Market Directories Inc.	**Money Market Directories Inc.**	N/A
	Industrial Chemical News	**Bill Communications**	N/A
	COADE	**International Thomson**	N/A
	News From Drafting Wills and Trusts Agreements; Lawyers P.C.	**R.F.W. Publishing Corp.**	N/A
Media News Group	*Paterson* (N.J.) *News; Union City* (N.J.) *Dispatch*	**Allbritton Communications**	N/A
	Hamilton (O.) *Journal-News; Yakima* (Wash.) *Herald-Republic; Big Spring* (Tex.) *Herald; Del Rio* (Tex.) *News Herald; Huntsville* (Tex.) *Item; Marshall* (Tex.) *News Messenger; Ypsilanti* (Mich.)*Press*	**Harte-Hanks Communications**	N/A
Meredith Corp.	*Ladies Home Journal*	**Family Media**	92,000,000
Carl Narvarre Jr.	Atlantic Monthly Press	**Mortimer Zuckerman**	N/A
New York Times Co.	*Gadsden* (Ala.) *Times; Tuscaloosa* (Ala.) *News; Spartanburg* (S.C.) *Herald-Tribune*	**Public Welfare Foundation**	N/A
	Santa Barbara (Cal.) *News-Press*	**News Press Publishing Co.**	N/A
	Santa Rosa (Cal.) *Press-Democrat*	**Evert B. Person**	N/A
News America Publishing Inc.	*European Travel & Life*	**Mark Inabnit**	N/A
Park Communications	*Hudson* (N.Y.) *Register-Star; Chatham* (N.Y.) *Courier Rough Notes*	**Raymond C. Kennedy**	N/A
	Leitchfield (Ky.) *Grayson County News Gazette;* (London, Ky.)*Sentinel-Echo; Russellville* (Ky.) *News-Democrat*	**Albert and Martha Helen Smith**	N/A
	Honesdale (Pa.) *Wayne Independent*	**John W. Johnson**	N/A
	Mooresville (N.C.) *Tribune*	**J.D. Chamberlain & Len Sullivan families**	N/A
Penthouse International	*Four Wheeler*	**Four Wheeler Publishing Co.**	N/A
Philips Media, Inc.	Marshall (Mo.) Publishing Co; Nevada Publishing Co; *Maryville* (Mo.) *Daily Forum*	**Stauffer Communications**	N/A
Price Communications	*Red Bank* (N.J.) *Register; Ocean County* (N.J.) *Reporter*	**Capital Cities Communications**	7,500,000
Pulitzer Publishing Co.	Southtown Economist Newspapers, Chicago	**Bruce Sagan**	40,000,000
Quad/Marketing	Sunday Insert	**John Blair & Co.**	12,000,000
Scripps Howard	Southeast Group of Hearst Community Newspapers, Cal.; Hillsborough Community Publications, Tampa Bay, Fla.	**Hearst Corp.**	N/A
	La Mirada (Cal.) *Lamplighter; Buena Park* (Cal.) *News*	**Knight-Ridder Broadcasting**	N/A
	Polk County Shoppers of Lakeland, Fla.	**Thomson Newspapers**	N/A
Stauffer Communications Inc.	*East Lycoming County Shopper*	**Don & Donna Kiesinger**	N/A
Leonard Stern	*Village Voice*	**News America Publishing Inc.**	55,000,000
Thomson Newspapers	(Benton Harbor-St. Joseph, Mich.) *Herald-Palladium*	**Banyon family**	N/A
	Fergus Falls (Minn.) *Daily Journal*	**Fergus Journal Co.**	
	Dickinson (N.D.) *Press*	**Clark O. Murray and Les Daughtry**	N/A
	Lebanon (Pa.) *Daily News*	**Lebanon News Publishing Co.**	
	Shamokin (Pa.) *News-Item*	**Reid family**	N/A
	Richmond (Ky.) *Register*	**Richmond Publishing Corp.**	N/A
	Vidette Messenger (Valparaiso, Ind.)	**Vidette Messenger Co.**	N/A
	Mexico (Mo.) *Ledger*	**Robert M. White II**	N/A
	Elizabeth City (N.C.) *Daily Advance; Rensselaer* (Ind.) *Republican; Sedalia* (Mo.) *Democrat*	**Dear Publications**	N/A
Time Inc.	W.R.C. Smith Publishing, Co.	**W.R.C. Smith Publishing, Co.**	N/A
Times Mirror Co.	Government Publishing Corp. (*National Journal*)	**Anthony Stout**	N/A

Buyer	Outdoor property	Seller	Price
Gannett Co.	Triangle Sign Co., Chicago	**Triangle Sign Co.**	N/A
Naegele Outdoor Advertising Co.	Farvue Outdoor Advertising	**Hubbard Broadcasting**	N/A
Patrick Media Group	Park Outdoor	**Park Outdoor**	N/A
Price Communications	Outdoor Operations in Columbia/Jefferson City, Mo.	**Patrick Media Group**	N/A
Winsion Network	Independent Outdoor	**Peter Steinlauf**	N/A

The *Daily News* is answering that challenge with improved tv and sports coverage, a new "Money Talks" business section and a Sunday "City Lights" entertainment tab.

Still, the paper lost more than 100,000 daily sales in the six-month average ended March 31, yet remained the largest-circulation U.S. daily newspaper. Its daily circulation was 1,275,268, an 8.3% loss, while Sunday circulation dropped 5.4%, to 1,676,858.

Despite the high visibility of the New York and Chicago properties, Florida has proved the most lucrative market for the Tribune Co., with the *Fort Lauderdale News* and *Sun-Sentinel* and the *Orlando Sentinel* now contributing more than half of the company's newspaper operating profits. Both papers are in noncompetitive environments. Neither is unionized.

Circulation for the *Orlando Sentinel* for the six-month period ended March 31 averaged 263,865, up 7.6%, while Sunday circulation was up 6.9%, to 330,251. The morning *Fort Lauderdale Sun-Sentinel* posted a 22% daily gain, to 155,197, while the evening *News* lost 8%, dropping to 76,992. Combined Sunday circulation was 288,916, a 7.9% gain.

In broadcasting, the KTLA purchase enabled Tribune to reach tv households in the top three markets as well as Atlanta, Denver and New Orleans. It thus is able to guarantee program placement for shows its Tribune Entertainment subsidiary jointly produces and distributes. The trend has proved popular among other station owners, too, at a time when more stations compete for fewer syndicated programs.

Broadcast (tv and radio) revenues were paced by a record $231 million from tv, up 17%. Radio added $42 million, up 9%. Although WPIX, New York, was tv's largest contributor, company officials say KTLA may quickly replace it. Four of the six tv stations are the top-rated independents in their markets, and the company says Chicago's WGN (am) is the top-billing radio station in the country. The five-station radio group also posted record revenues 9% higher than in 1984; gains made by WGN more than offset losses at some other stations. Operating profit for the entire broadcasting, entertainment and cable division (which includes the Chicago Cubs baseball team) increased 11%, to $45.7 million.

Tribune Entertainment Co., formed in 1982, lost the hosts of its founding program—"At the Movies"—when Roger Ebert and *Tribune* film critic Gene Siskel left in 1986 to launch a new movie-review program for Walt Disney Co.'s Buena Vista Television. (That move quickly led to a "realignment" of Mr. Siskel's role as the newspaper's chief film critic). The tv program will continue in the 1986-87 season with new hosts Bill Harris and Rex Reed. The group had total revenues of $58.6 million, up 29%.

Most Tribune Entertainment projects are joint ventures with program producers, with Tribune handling distribution and barter ad sales. Among those projects are "Soul Train," "Dempsey & Makepeace," "Tales from the Darkside" and the animated "G.I. Joe."

The cable business, once thought to be a major area of expansion for the company, has drained profits through expensive capital spending and waning enthusiasm from would-be cable subscribers. Tribune Co. has decided to concentrate its resources on areas of proven success, and system sales either completed or pending have removed the company from the cable arena.

MEDIA PROPERTIES

Broadcasting

TV: KWGN-TV, Denver; KTLA, Los Angeles; WGN-TV, Chicago; WGNO-TV, New Orleans; WGNX, Atlanta; WPIX, New York.

RADIO: KGNR, KCTC (fm), Sacramento, Cal.; WGN, Chicago; WICC, Bridgeport, Conn; WPIX (fm), New York.

Newspapers (dailies)

CALIFORNIA: *Times-Advocate* (Escondido), *Peninsula Times Tribune* (Palo Alto). FLORIDA: *Fort Lauderdale News, Orlando Sentinel, Sun-Sentinel*. ILLINOIS: *Chicago Tribune*. NEW YORK: *Daily News* (New York).

Newspapers (nondailies)

Tribune Community Publications: CALIFORNIA: *Greensheet Shopper* (North Ridge). ILLINOIS: DuPage Today (Burr Ridge), *Pennysaver* (Tinley Park). OKLAHOMA: *Trading Post* (Tulsa). Sunbelt Publishing: FLORIDA: *Advertiser of Citrus County* (Inverness), *Charlotte Shopping Guide* (Punta Gorda), *Fort Myers Beach Observer*, *Gold Coast Shopper* (Boca Raton), *Island Reporter* (Sanibel Island), *Suncoast News* (New Port Richy).

Other media operations

Independent Network News, Tribune Entertainment, Tribune Syndicate.

OTHER OPERATIONS

Chicago Cubs, Ontario Paper Co., Thorold Mill, Baie Comeau Mill, Manicouagan Power Co. (60% ownership), Scierie des Outardes Enr. (40% ownership).

Turner Broadcasting Co.

RANK **34**

Atlanta

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	332	266	24.9
Total sales	369	300	23.0
Net income	1	10	(88.0)

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	206	177	16.3
Cable	127	88	43.9
Outdoor	—	—	—

Turner Broadcasting System, Atlanta, was left reeling from its thwarted takeover of CBS Inc. in 1985, as profits dropped 88.5% for the year. Profit in 1986 will further be influenced by Turner's ability to recoup its investment in MGM/UA Entertainment, which TBS acquired in March, 1986, for $1.5 billion.

TBS, which ran up $16.3 million in expenses in its $5.4 billion bid to buy CBS before CBS began buying back 20% of its stock, is beginning to lessen the load of its subsequent acquisition of MGM/UA with its agreement in early June, 1986, to sell certain assets to Lorimar-Telepictures Inc. and United Artists Corp. for $490 million.

MGM/UA Entertainment was purchased to provide movie classics from MGM's film library as programing for the company's WTBS superstation. TBS subsequently sold the United Artists portion of the purchase to UA majority stockholder Kirk Kerkorian for $480 million.

TBS was forced to pay Rainbow Programming Enterprises, Woodbury, N.Y., $17.5 million as its share of a $50 million judgment brought against TBS and MGM/UA. Rainbow sued the two claiming it had an agreement for certain rights to the film library of the Culver City, Cal.-based MGM studio.

In agreements announced in June, 1986, TBS agreed to sell MGM's 44-acre real estate holding to Lorimar-Telepictures for $190 million, and sell the film and tv production business, home video company, its half-interest in MGM/UA distribution company and the MGM logotype to United Artists Corp. for $300 million in cash.

TBS ended up paying about $1.2 billion for the film library minus these asset sales. The library generates about $100 million annually in cash flow. Also TBS is considering the sale of a half-interest in Cable News Network to finance the MGM/UA acquisition. During 1985, TBS courted suitors including Rupert Murdoch's News America, Time Inc. and NBC for the cable news service. Talks with the latter for an estimated $200 million to $300 million buy-in fell apart in late November because of TBS' refusal to relinquish editorial control to NBC.

Denver-based multiple system operator Tele-Communications Inc. also has offered to purchase an undetermined portion, but TBS' interest in finding a CNN buyer has begun to wane. TCI, however, is talking with TBS regarding the launch of a new "flagship" basic cable channel that may use WTBS as a base or utilize MGM studios to produce made-for-cable programing.

Media revenues at TBS, which account for 90% of company revenues, ranked TBS as the nation's 34th largest media company in 1985. The big contributor is WTBS, the company's superstation, accounting for 33% of revenues. WTBS increased subscribers to 36 million households, up 9% from 1984. WTBS is available in 87% of U.S. cable homes and 42% of U.S. tv homes. Advertising revenues rose to $172.8 million, up 10.6% from 1984.

An anticipated revenue producer is WTBS' July transmission of the Goodwill Games, an international sports competition arranged with Moscow's Soyuzsport and Gosteleradio. But so far the coverage has attracted little advertiser interest. Sponsorships, originally intended for sale at $6 million, shrunk to $1.4 million, with only three major sponsorships—Pepsi-Cola, Mars Inc.'s Snickers bar and Stroh's beer—so far. TBS spent $7.9 million through last December on the games, which are to be broadcast from the U.S. in 1990. The 1986 games also will be syndicated.

Bolstered by a per subscriber fee to cable operators (25 cents for systems not carrying WTBS, or 18 cents per subscriber for systems carrying all three TBS services), cable interests CNN and CNN Headline News contriduted a combined 56% of TBS revenue in 1985. CNN reached 33.5 million households, up 6.7% from the previous year, representing 81% of U.S. cable homes and 39% of U.S. tv homes. CNN, available in Australia, Canada and Japan as well as the U.S., also broadened its base to include Western Europe in October. CNN generated $56.5 million in advertising revenues, up 23.3%.

CNN Headline News widened its subscriber base to 18 million from 15.3 million, representing exposure to 42% of U.S. cable homes and 21% of U.S. tv homes. CNN Headline also more than doubled its flagging advertising revenues in 1985 to $13.7 million from $6.4 million. Both CNN and CNN Headline News plan to hike the fee per subscriber next January. In 1985, the company also switched primary satellites to Galaxy I from SATCOM III-R for each of its three services.

Operating profit for the cable segment did an about-face in 1985, posting an $18.8 million gain compared with a $15.3 million loss the prior year. Operating profit for the combined CNN and CNN Headline News was in the black for the first time in TBS history, with $20,753 compared with a $13,000 loss the prior year. Broadcasting segment operating profit, however, fell 15.4% to $55.7 million.

In nonmedia properties, TBS maintains a 96% interest in the Atlanta Hawks professional basketball team; wholly owns the Atlanta Braves professional baseball team through TBS subsidiary Atlanta National League Baseball Club, and operates minor league farm teams in Richmond, Va.; Greenville, S.C., and Sumter, S.C. The Atlanta Braves accounted for 6% of the company's revenue in 1985. Revenues for the total professional sports segment were $23.4 million, down 3.7%.

In May, 1985, TBS acquired for $1.8 million a 75% interest in Omni Ventures, a real estate and hotel operator in Atlanta. The property, which accounted for 2% of company revenues, includes the Omni International office building into which TBS will move its corporate offices as well as CNN and CNN Headline News operations.

MEDIA PROPERTIES

Broadcasting

TV: WTBS, Atlanta.

RADIO: CNN Radio.

Cable/video

CHANNELS: Cable News Network, CNN Headline News, WTBS superstation services.

Other media operations

MGM Entertainment Co. (Culver City, Cal.), Turner Program Services, international syndication.

OTHER OPERATIONS

Atlanta National League Baseball, owner of Atlanta Braves and farm clubs in Savannah, Ga.; Anderson, S.C., and Richmond, Va.; Atlanta Hawks basketball team (96% interest); Turner Omni Ventures (75% interest).

United Cable Television Corp.

RANK **67**

Denver

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	169	141	19.8
Total sales	169	141	19.8
Net income	11	4	169.2

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	169	141	19.8
Outdoor	—	—	—

United Cable Television Corp. maintained its watch for acquisitions in 1985, grabbing the Hartford franchise and others to push its total subscriber count up 18.4% to 838,000 and increase total revenues 20%, all from cable.

In the first three quarters of fiscal 1986, ended May 31, Denver-based United is continuing its growth pace of 1985 with revenues of $143.9 million, up 15% from the similar period in 1985. The gains came as revenues flowed from several systems acquired in 1984 and 1985. Income from new systems contributed 9% of the revenue increase during the period. The remaining 6% came from increases in basic subscribers in existing systems and rate increases.

Net earnings during the nine months dropped 13.7% to $6.8 million because of the cost of financing the purchase of the Hartford system, says the company, ranked as the 67th largest media company in the nation.

Basic subscribers from consolidated properties on Feb. 28, 1986, numbered 838,000, up from 708,000 a year earlier. That number rises to 999,000 when including subscribers in the company's managed limited partnerships, up from 796,000 for the same period the prior year.

United, with 41 systems in 17 states and ranking as the fifth fastest growing major multiple system operator in basic subscribers and fourth fastest in homes passed, acquired the Hartford, Conn., system, numbering 60,000 subscribers from Times Mirror Cable Television for $61.5 million. The deal, consummated in October, was its biggest for the fiscal year.

Tele-Communications Inc., Denver, also sold two mature systems to United. One covered Golden, Lakewood and Jefferson County, Colo., and La Vista, Neb., and totaled 30,000 subscribers. The deal was completed in August, 1984. The other, concluded in April, 1985, was in the Tulsa, Okla., suburban area with 11,500 subscribers.

United exchanged stock for the TCI systems in Oklahoma. TCI has been a heavy investor in United's common stock; it now owns more than 3 million shares, or about 24%. In its SEC filing, TCI says its purchase of United stock "has been and continues to be for investment purposes," and TCI is bound by a stand-still agreement not to influence United's operating or financial policies. Nevertheless, some analysts speculate that TCI is bringing United under its umbrella.

During 1985, United completed construction on systems in Oakland County, Mich.; Scottsdale, Ariz.; Alameda, Cal., and part of Los Angeles County, Cal. During the fall, United began construction on two major systems covering 300,000 homes in Baltimore, Md., and 170,000 homes in East San Fernando Valley, Cal.

Finding financing for the East Valley system brought United some tense moments during 1985. United's franchise in the area, which includes Van Nuys, Studio City and North Hollywood, was set to expire January, 1987, and the company told the Los Angeles Board of Telecommunications it could not complete its limited-partner financing package for the $66 million system if it didn't get a 10-year extension. The city balked because United had missed construction deadlines. But at the last minute the city agreed to extend the franchise. The financing was completed and certified and construction continues, although United still faces fines over the missed deadlines.

United is looking at other sources of income besides subscriber growth. In April, 1985, it launched a pay-per-view experiment in its system in Oakland County, Mich. For about $5 for one showing, subscribers were able to view films about six months before they reached the premium cable services. United found that during the experiment, the average subscriber spent an extra $7.50 a month.

United has begun to roll out pay-per-view systemwide. The first systems—those already having addressable equipment—were to receive the "First View Theater" package by June, 1986. The company has pledged to replace all nonaddressable equipment within three years, enabling the ppv service to be delivered to United's entire subscribership. United expects ppv to generate about $2 million in revenue during its first year.

United also has been taking full advantage of advertising revenues. United Cable of Colorado, which serves the Denver suburbs, set up an advertising interconnect in October with Mile Hi Cablevision, which operates in Denver proper. United gleaned $1.2 million in gross ad revenues during fiscal 1985 from the Denver suburban system, and officials expected profits to climb with the interconnect. Meanwhile, United's system in Tulsa reported $2 million in advertising revenues for fiscal 1985.

United has decided to share its business success, establishing in December, 1985, United Cable Advertising Inc., a wholly owned subsidiary created to help cable systems—affiliated with United or other msos—in their ad sales efforts. In some systems, United will work as the local sales rep, and in others it will manage the local department. United launched the subsidiary in its systems in Tyler, Tex., and Scottsdale, Ariz., and anticipated operating in more than 10 systems by the end of 1986.

United appointed former vp-finance William J. Elsner as senior vp-cfo. David J. Leonard became vp-operations, and Donald J. Masters was named vp-general counsel. Former director of marketing Nimrod J. Kovacs became vp-marketing and programing, replacing Charles Townsend, who in March became president of Colony Communications of Providence, R.I.

MEDIA PROPERTIES

Cable/video

SYSTEMS: ARIZONA: Scottsdale. CALIFORNIA: Alameda, Cupertino, East San Fernando Valley, Foster City, Hacienda Heights/S. Whittier/La Puente, Hayward, San Leandro, San Lorenzo. COLORADO: Denver suburbs, Grand Junction. CONNECTICUT: Hartford/Plainville, Vernon. IDAHO: Boise. ILLINOIS: Carpentersville, Effingham, Galesburg, Mendota, Monmouth, Peru. INDIANA: Hammond. LOUISIANA: Bossier City. MARYLAND: Baltimore, Eastern Shore. MICHIGAN: East Lansing/Meridian, Lincoln Park/Woodhaven, Oakland County/Orion. MINNESOTA: Chaska, Shakopee. NEBRASKA: Bellevue/Tri-Cities/Lavista. NEW MEXICO: Gallup, Santa Fe. OKLAHOMA: Tulsa. TEXAS: Abilene, Anson, Hamlin, Perryton, Rotan, Sweetwater, Tyler/Jacksonville. UTAH: Moab. WYOMING: Casper.

OTHER OPERATIONS

United Paging Corp.

Cable ad spending drops

Ad spending by cable services, the only medium to spend less on itself from 1984 to 1985 according to Leading National Advertisers, totaled $51.7 million 1985, down 13.3%, compared with newspapers and magazines, $54.8 million, up 41.2%; radio, $88.9 million, up 8.8%; and tv, $116.2 million, up 21.1%.

RANK
U.S. News & World Report 75
Washington

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	145	151	(3.8)
Total sales	169	176	(3.7)
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	145	151	(3.8)
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

U.S. News & World Report, Washington, continues to undergo dramatic changes more than a year after Mort Zuckerman, a real estate developer, purchased the employe-owned magazine, but those changes, including redesigning the magazine, slashing subscription prices and shuffling editorial and business staff, have yet to bear fruit.

Mr. Zuckerman's media holdings under the corporate banner, U.S. News & World Report, lost ground in 1985, as revenue from *U.S. News* and the *Atlantic* dropped 3.8% to an estimated $144.8 million, ranking the company as the 75th largest media company.

Ad pages at *U.S. News* in 1985 rose 1.2% to 1,779, while competitors' ad pages fell. Advertising revenue, however, rose only 1.1% to $102.6 million. For the first quarter of 1986, *U.S. News'* ad pages were off 6%, but revenue increased 3.2% over the first quarter of 1985.

Most recently the magazine announced a 6% increase in circulation for the first quarter of 1986. Dick Thompson, publisher for the past year, says he expects to deliver a 10% circulation bonus on the rate base of 2.05 million for the rest of the year, but will not increase ad rates.

A cut in the subscription price last November to $29 from $41 also helped boost circulation. This year the magazine launched a $2 million-plus tv and print campaign targeting new readers. Dancer Fitzgerald Sample, New York, the agency selected last fall to replace Foote, Cone & Belding, New York, handles.

U.S. News unveiled a cleaner, more colorful look in its Dec. 30 issue. Harry Evans, editorial director, spent a year supervising the redesign. The magazine is now divided into sections, with more pages devoted to business and new features such as recommended movies, books and entertainment.

The magazine's executives hope the redesign will attract younger, wealthier readers, and it seems to be working. Readers' median age dropped to 41.9 years from 42.5, according to a Mediamark Research report for the six months ending in February. The median household income for the period increased to $38,096 from $35,057.

Mr. Zuckerman involves himself in the day-to-day editorial operations of the magazine. In April, 1985, two weeks after appointing Shelby Coffey III editor, Mr. Zuckerman named himself editor-in-chief. By January Mr. Coffey had left for the editorship at the *Dallas Times Herald*.

Mr. Zuckerman looked outside the magazine for a replacement, but after a three-month search, promoted David Gergen, managing editor, to the post. Mr. Gergen is formerly White House director of communications but has no journalism background.

Gary Fisketjon was named editorial director of *U.S. News* in mid-May, 1986, replacing Harold Evans, who remains editor-in-chief of the publication. Mr. Fisketjon was the editor at Random House who directed it into its Vintage Contemporary series.

Jim Glassman, exec vp of U.S. News and president of the *Atlantic*, also left earlier this year, to be replaced at U.S. News by Bill Harris, vp-consumer marketing since July. Mr. Harris was circulation director of Time Inc.'s magazine development group.

Bill Anderson, a partner at an energy consulting company, became *Atlantic* president in May. His experience includes stints as associate publisher for *Science 82*, *Science 83* and the *Saturday Evening Review*.

Mr. Zuckerman is now moving to control expenses by consolidating *Atlantic* and *U.S. News* business operations, although the two magazines will be operated separately. In March, Fred Drasner, who was vice-chairman, president and ceo of *U.S. News*, added vice-chairman-ceo, the *Atlantic*, to his duties. Later this year the magazines will move business operations into shared quarters.

Other top spots filled in the past year include Jake Winebaum to vp-circulation from special assignments at Time Inc.'s magazine development group. He replaced Joe Aserno, who resigned. Another Time compatriot, Robin Johnson, in March became vp corporate development of *U.S. News* and vp-operations for the *Atlantic*.

Despite the first-quarter drop in ad pages, Mr. Thompson says he expects to show an increase for the year. In May he announced a special space commitment program for advertisers. Patterned after similar programs at *Fortune* and *Forbes*, it gives bonus pages to advertisers who commit to buying certain levels in 1986 and 1987. Mr. Thompson also this year increased circulation of the magazine's blue chip edition to 650,000 higher income households from 475,000.

U.S. News this year will offer special sections on small business, health and international travel.

Last year Mr. Thompson said he wanted to position *U.S. News* between the newsweeklies and the business magazines. Now he says, "What we would like advertisers to do is not niche us." The magazine carries about 37% advertising, a much lighter ratio than its competitors.

U.S. News last year discontinued the "U.S. News Washington Letter," a weekly newsletter with circulation of nearly 80,000. The company continues to publish "U.S. News Washington Business Report," which is a smaller newsletter. Revenue for 1985 is estimated at $2 million.

The *Atlantic* in 1985 had 579 pages, a 2% decline from 1984, but its ad revenue grew by 1.7% to $6.84 million. For the first quarter of 1986, the magazine joins the rest of the industry's slump, as ad revenues for the first quarter of 1986 dropped 14% to $1.35 million, while ad pages plummeted 18% to 108. Mr. Anderson's main task will be to boost advertising at the monthly general interest magazine.

Among nonmedia operations, Atlantic Monthly Press was sold in mid-May, 1986, to Carl Navarre Jr., a 34-year-old businessman and writer from Chattanooga, Tenn. Purchase price was not disclosed. He outbid Mondadori, the Italian publishing house, for the property. *U.S. News* also owns Publishers Service International, Carlstadt, N.J., which has estimated annual revenues of $20 million. The company sets type and graphic data for a number of publications.

MEDIA PROPERTIES
Magazines
Atlantic, *U.S. News & World Report*.
Newsletter
U.S. News Washington Business Report.
OTHER OPERATIONS
Publishers Service International.

RANK
Viacom International 29
New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	376	254	48.0
Total sales	444	320	38.8
Net income	37	31	21.2

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	84	71	18.7
Cable	293	184	59.2
Outdoor	—	—	—

Viacom International, New York, which moved aggressively into the cable network business in 1985 in buying the stock it did not already hold in MTV Networks and Showtime/The Movie Channel, spent the early part of 1986 fending off a takeover challenge by financier Carl Icahn.

Viacom appeared to have weathered the Icahn move by late May, buying him off in a deal comprised of $217 million in cash for 3.5 million shares he had accumulated. Viacom got assurance from Mr. Icahn that he would not purchase any additional stock during the next 11 years, but the price for such an assurance was dear—a stock purchase option guaranteeing a $65.40 to $72 per share price for six years and $10 million worth of commercial time on its cable, radio and broadcast tv outlet stations. Mr. Icahn had gained 16.9% of the stock.

Such "greenmailing" success could set up Viacom for target from other investors hungry for a company whose shares, for example, ranged from $62 in April to $70 May 9 when Mr. Icahn let his intentions be known. Before his takeover attempt, J.M.B. Realty, Chicago, acquired 13.5% of Viacom's stock, spurring takeover rumors although J.M.B. Realty said the accumulation was friendly. Warner Communications owns warrants to buy 10% of Viacom shares, and Lorimar-Telepictures Inc. has been mentioned as a potential takeover candidate.

During all this, Viacom, the nation's 29th largest media company, saw first-quarter revenues in 1986 leap a dramatic 159% to $212.6 million from the corresponding period a year earlier. Net earnings, however, fell 32% in the period to $4.2 million—a factor of higher interest expense and good-will amortization associated with the company's November, 1985, acquisition of the 50% of Showtime/The Movie Channel the company didn't own and the purchase of two-thirds of MTV Networks Inc. from Warner Communications and its subsidiary, Warner Amex (now Warner Cable). The remaining one-third, which was in the public's hand, was acquired in March, 1986.

In May, the company announced a two-for-one stock split, and a 16⅔% increase in its annual cash dividend. It also announced it has signed a definitive agreement to acquire Movielab, a postproduction facility with $5 million in revenues. The $14 million transaction was accomplished by a stock switch.

The company formed Viacom Networks to house its Cable Health Network, Showtime/The Movie Channel and MTV Networks along with Lifetime, the advertiser-supported cable tv network, owned by Viacom, Hearst Corp. and ABC Video Enterprises. Video Enterprises is now the company's second largest division with revenues of $86.5 million in 1985.

Viacom Cablevision, the 11th largest multiple system operator, paced the cable segment with $206.1 million, up 12.6%. Other media contributions come from broadcasting, up 18.7%. Only program distribution, with revenues of $66.5 million in 1985, up 8.7%, is not considered media for the purpose of this report.

Lifetime continued to lose money in 1985. Viacom suffered a $6.5 million loss from its equity in the venture. Losses in the first quarter of 1986 declined, in part because of a per-subscriber fee passed on to cable system operators that was initiated in January, 1986. A company spokesman says Lifetime is expected to turn the corner in late 1986 or early 1987.

In 1985, Lifetime began a redesign to further target its prime audience—upscale, working women with large disposable incomes—an audience particularly attractive to advertisers. Reacting to that redesign, billings from advertisers sales rose 30% last year. Several new programs are in development, and some syndicated tv series are ready to be aired. At yearend, Lifetime was carried by 2,700 cable systems reaching 24 million domestic households, a 12% increase in penetration over 1984. Paul Kagan Associates projected Lifetime's 1985 ad revenues at $26 million.

Subscribers for Showtime/The Movie Channel remained level in 1985—5.4 million for the former and 3.1 million for the latter. In November, Viewer's Choice was introduced as Showtime/The Movie Channel's third network. It offers feature films at a flat fee per viewing, specials and live concerts are slated to be added to the roster.

Increased marketing and promotion of all three networks are planned for 1986.

A spokesman says while 1985 was the year for original pay tv programing, 1986 will be the year for exclusivity. In addition to the five-year agreement Showtime/The Movie Channel has in place with Paramount Pictures, Viacom recently signed a pact with the Cannon Group, good through 1989.

Atlantic Releasing and Touchstone Films also have signed exclusivity pacts with Viacom. The latter studio produced the successful "Splash" and "Down and Out in Beverly Hills"; it is also producing a remake of Paul Newman's "The Hustler."

MTV Networks, which is comprised of MTV:Music Television, VH-1:Video Hits One, Nickelodeon and Nick at Nite, instituted some changes in 1985. According to A.C. Nielsen Co., MTV:Music Television reached 28.2 million subscribers as of March, 1986.

Nielsen's numbers are being discussed by Nielsen and MTV management; both agree that Nielsen's metered samples do not adequately reflect the composition of MTV's targeted audience of 12 -to 34-year-olds.

The company says that last year MTV:Music Television generated the highest advertising revenue of any cable-originated basic network. Kagan Associates projected MTV:Music Television's 1985 revenues at $83 million.

An MTV spokesman says this year, as the network celebrates its fifth birthday, viewers can expect to see a continuation of out-of-studio events, more live concerts, more new videos and more syndicated programing along the lines of "The Monkees" revival. MTV has syndicated such programs as its "Top 20 Video Hit Countdown." Viacom also is discussing some MTV co-ventures with major studios for youth films along the lines of "Pretty in Pink."

The company also increased its ownership in Cable Health Network from minority to 80% by yearend, 1985. CHN had a pretax loss in 1985, but added to a pretax gain from Showtime/The Movie Channel produced about $9 million in pretax earnings at Viacom.

In broadcasting, WLTW (fm) was the No. 1 fm station in New York for ages 25 through 54, according to Arbitron figures. Viacom acquired Memphis am station WKDJ and changed it to WRVR, the same call letters as Viacom's fm station in that market. WMZQ-FM in Arlington, Va., got a companion am station. A Viacom spokesman says the fm station's country format has been so successful that the No. 2 country station changed its format.

Viacom agreed to buy KMOX-TV in St. Louis, a CBS affiliate, in late May. The company is paying CBS $122.5 million for the property. FCC approval is pending. And in a package from the Tribune Publishing Co. Viacom will acquire Puget Sound Cable and an fm station in Tacoma, Wash.

A company spokesman says the only field where Viacom doesn't enjoy a major stake is the motion picture studio industry.

In February, 1986, Viacom did acquire a 15% stake in Orion Pictures, but it will be a number of months before Viacom decides what action to pursue. Viacom had been talking to Ted Turner about purchasing 50% of MGM-UA Entertainment Co. before talks broke off and Mr. Turner sold major assets of the company to Lorimar-Telepictures.

MEDIA PROPERTIES
Broadcasting
TV: KSLA, Shreveport, La.; WVIT, New Britain/Hartford/New Haven/Waterbury, Conn.; WHEC, Rochester, N.Y.; WNYT, Albany/Troy/Schenectady, N.Y.; KMOX-TV, St. Louis (pending).

RADIO: KIKK, Pasadena, Tex.; KIKK-FM, Houston; WMZQ (am, fm), Arlington, Va.; KNBQ (fm), Tacoma, Wa.; WLAK (fm), Chicago; WLTW (fm), New York; WRVR (am, fm), WKDJ, Memphis.
Cable/video
CHANNELS: Viacom Networks: Showtime/The Movie Channel, MTV Networks, Lifetime (33%), Cable Health Network.

SYSTEMS: CALIFORNIA: Finer Living System—East Bay, Pittsburg, Redding, Red Bluff; Oroville System—Oroville, Paradise; Sonoma System—Sonora, San Rafael, Mountain View, Petaluma, Healdsburg; Napa System—Napa, Pinole; San Francisco. NEW YORK: Suffolk County, Long Island. OHIO: Cleveland, Dayton. OREGON: Salem. TENNESSEE: Nashville. WASHINGTON: Snohomish System—Everett, Oak Harbor; Redmond. WISCONSIN: Milwaukee System—North Shore and Greenfield. Cable Interconnects: Northwest Cable—Bay Area.
OTHER OPERATIONS
Viacom Enterprises and Viacom Productions, Viacom World Wide, MGS Services and the licensing and merchandising division, Orion Pictures (15% interest).

RANK
Warner Communications 35
New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	331	271	22.1
Total sales	1,201	1,090	10.2
Net income	195	(586)	(133.3)

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	35	35	0.0
Broadcast	—	—	—
Cable	296	363	(18.6)
Outdoor	—	—	—

The media composition at Warner Communications Inc. changed dramatically in 1985 as Warner bought out its partner in the nation's sixth largest cable system—Warner Cable Communications Inc.—and disposed of several major cable networks.

Media at New York-based Warner, the 35th largest media company, now consists of Warner Cable (formerly Warner Amex), with small contributions from DC Comics and *Mad* magazine.

Warner Cable, consisting of 101 cable systems in 21 states with a subscriber base of some 1.2 million, came under complete Warner ownership in early 1986 after Warner and American Express reached an agreement in August, 1985, to sell American Express' portion of the joint venture for $450 million.

Warner also got $510 million in cash, short-term notes and additional considerations on Nov. 12, 1985, from Viacom International for Warner's interest in Showtime/The Movie Channel Inc. (31%), Warner Amex's interest (19%) in the same cable network and Warner Amex's 66.1% share in MTV Networks Inc., once a subsidiary of Warner that went public in 1985. MTV operates MTV:Music Television, VH-1: Video Hits One and Nickelodeon.

Warner's net income for 1985, up dramatically to $195.3 million from a net loss of $586.1 million in 1984, reflects an aftertax gain of $86 million on the sale of the networks to Viacom. Operating income at Warner showed steady improvement to $160.2 million, up 6.5%.

Warner in 1985 continued to account for Warner Cable and its cable networks ownership percentage during the year by the equity method, meaning only income and not revenues were folded into Warner's results.

Treating MTV and S/TMC as discontinued operations in 1985, Warner Cable had total revenues of $295.9 million just for the cable side, down from $363.4 million in 1984, a figure also including the divested cable networks.

The comics books and *Mad* added

another estimated $35 million in revenue, providing Warner with $330.3 million in total media revenues, or 15% of total revenues at Warner. Warner consists of filmed entertainment, recorded music/music publishing and publishing/related distribution. DC Comics sales were hurt during the year by weakness in newsstand sales, although specialty store sales picked up. *Mad* had a record year in subscription sales and performed well at newsstands, according to the company.

In other moves, shareholder equity in Warner increased 55% during the year to $525 million. The company's debt was reduced to $510 million from $840 million in 1984. Staff was pared in 1985—corporate overhead fell 40% —and interest expense dropped 31%.

Warner continued its strong financial growth in the first quarter of 1986. Net income of $30 million represented a 42% gain over the first quarter of 1985. Total revenues in the quarter were $688 million, up 22.4%. Part of that growth came from the cable and broadcasting division: $3.5 million in operating earnings compared with a $4.4 million loss in the first quarter of 1985.

The quarterly results also include Warner's 42.5% share of the income from Chris-Craft subsidiary BHC Inc. Chris-Craft, which owns about 30% of Warner's voting stock, apparently settled its differences with Warner and dropped its plans for a threatened proxy fight.

During 1985, Warner Cable sold its Dallas franchise to Heritage Communications for $110 million. The New York franchise's first subscriber went on-line in December; 1991 is the target year for the system's completion and it is expected to pass 500,000 homes. Milwaukee, another newly won franchise, is being financed through a limited partnership, and Warner Amex has a 35% interest. The system is expected to be complete by the third quarter of 1986 and will pass more than 250,000 homes.

Warner showed strong gains during the year from its filmed entertainment division (Warner Bros.) with operating income of $160.2 million on revenues of $1.2 billion; recorded music and music publishing division with operating income of $112.7 million on revenue of $912.3 million, and publishing and related distribution, the only group with a decline in income. Operating income dropped 14.5% to $13.7 million on revenues of $121.7 million, up 5%.

Warner Cable in April, 1986, named James L. Gray president-coo. A 12-year veteran of Warner Cable, he moved up from group senior vp and president of its national division at Dublin, O. He succeeds Drew Lewis, who resigned as chairman-ceo on April 1. John Fowler, executive vp, and Jack Messman, executive vp-cfo, resigned with Mr. Gray's appointment. They had been considered candidates to replace Mr. Lewis. John Charlton, senior vp, programing, marketing and sales, turned in his resignation at the same time.

Mr. Gray's real test will come in 1987 when the FCC lifts its restrictions on the rate increases cable operators can make. Decisions on the prices the market will bear, reduced or increased services and other factors will be critical not only for Mr. Gray and Warner Cable, but also for other multiple system operators.

MEDIA PROPERTIES

Cable/video

Warner Cable Communications: ARIZONA: Flagstaff, Kingman, Parker, Sedona. ARKANSAS: Booneville, Clarksville, Fayetteville, Paris, Russellville. CALIFORNIA: Avenal, Bakersfield, Barstow, Blythe, Palm Springs, Taft. FLORIDA: Crestview, Fort Walton Beach, Lake City, Niceville. ILLINOIS: Altamont, Danville, DeKalb, Rochelle, St. Almo, Sycamore. INDIANA: Union City, Warsaw. MASSACHUSETTS: Athol, Chelsea, Dalton, Everett, Lynn, Pittsfield, Salem, Somerville, Swampscott, Wakefield, Winthrop. MICHIGAN: Menominee. MISSISSIPPI: Batesville, Cleveland, Lambert, Marks, Yazoo City. NEW HAMPSHIRE: Berlin, Claremont, Nashua. NEW JERSEY: Avalon. NEW YORK: New York (under construction), Olean. OHIO: Akron, Alliance, Canton, Cincinnati (city), Cincinnati (suburbs), Columbus, Cridersville, Delphos, Fort Shawnee, Kenton, Plain Township, Sandy, St. Mary's, Sidney, Wapakoneta, Youngstown. OREGON: Coos Bay, Myrtle Point. PENNSYLVANIA: Altoona, Bradford, Chambersburg, Clearfield, Marietta, Morrison Cove, Newport, Pottsville, Reedsville, Roaring Springs, Warren. TENNESSEE: Kingsport. TEXAS: Houston (suburbs), Houston (NW & suburbs), Houston (SW & suburbs), Houston (Meyerland area). VERMONT: Bellows Falls, Brattleboro, Bristol (under contract to be sold). VIRGINIA: Hampton, Harrisonburg, Reston, Williamsburg. WEST VIRGINIA: Hampton, Harrisburg, Poquoson, Reston, Williamsburg. WEST VIRGINIA: Martinsburg. WISCONSIN: Marinette, Marshfield, Menasha, Merrill, Milwaukee (under construction), Neenah, Oshkosh.

Magazines

DC Comics, *Mad, Mad Specials.*

OTHER OPERATIONS

BHC Inc., Warner Bros. (films), Warner Bros. Television, Warner Bros. Television Programming, Warner Bros. Television Syndication, Warner Bros. Television-East Coast, Warner Home Video, Licensing Company of America, Warner Bros. Records, Atlantic Records, Electra/Asylum/Nonesuch Records, WEA Corp., WEA Manufacturing, Warner Bros. Music, Warner Books, Warner Publisher Services, Warner Audio Publishing.

Washington Post Co.

RANK 15

Washington

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,037	984	5.4
Total sales	1,079	984	9.7
Net income	102	86	18.6

Sales by media	1985	1984	% chg
Newspaper	556	517	7.5
Magazine	326	332	(1.8)
Broadcast	155	136	14.0
Cable	—	—	—
Outdoor	—	—	—

Washington Post Co. is continuing its strategy to diversify into other types of businesses and invest in other media companies with the Jan. 3, 1986, acquisition of the 53-system cable division of Capital Cities Communications.

The company, ranked the 15th largest media company, continues to generate profits from the meat of its business, newspapers and magazines.

In 1986, the company's earnings will be diluted because of the $350 million Capital Cities cable tv purchase. The Post Co. set up a new division, Post-Newsweek Cable, to oversee the operations. The systems serve 360,000 subscribers in the Midwest, South and West. Howard E. Wall is president of the new division; he had been vp-chief account officer, Post Co.

The Post says it will invest $30 million over the next two to three years to upgrade the systems. Richard Simmons, Post Co. president, says that in the first quarter the cable systems generated about $20 million. The Post continues to own portions of four regional cable SportsChannels.

Revenues in the newspaper division rose 8% in 1985. The *Washington Post*, which dominates the division, had a 4% increase in advertising volume to 5.5 million ins., while ad revenue grew 9% to $426.7 million. The newspaper in 1986 hiked its ad rates by 6.5% and saw its advertising inches in the first quarter of 1986 fall 1% from the year-earlier period. Mr. Simmons, however, believes the newspaper will end 1986 ahead of last year.

The *Post's* circulation surged ahead this year, making it the seventh largest newspaper for the six months ended March 31, 1986, according to ABC. The *Post* had a 1.3% daily gain, to 781,371, putting it ahead of the *Chicago Tribune*. On Sunday, the Tribune still leads. But the *Post's* Sunday circulation rose 2.4% to 1,065,782.

The *Post* continues its strong penetration in the Washington market, reaching 54% of the households during the week and 73% on Sunday.

This year the *Post* is devoting efforts to an expensive redesign of its Sunday magazine supplement. The new format, which debuts in September, is small and glossy, with full-color capability. The magazine will nearly double its editorial staff. The sales staff already has received a major commitment from Sears to advertise its designer lines. The Post wants to attract more upscale retailers and national advertisers to the magazine.

Last year, the *Post* added the weekly tabloid supplement, *Health*, which has attracted image advertising from drugstore and grocery chains that already use the newspaper for product advertising.

In 1985 the *Post* broke its first tv image campaign, hoping scenes of Washington would sway younger readers to pick up the paper. The newspaper this year is putting its ad budget behind its Sunday magazine and may break a consumer campaign in the fall. Needham Harper Worldwide, Washington, handles.

The *Herald*, Everett, Wash., was in the black in 1985, for the first time since 1980. "It was in the black not a material amount," says Mr. Simmons, who expects the *Herald* to continue turning a small profit. In 1985, ad inches grew 15% to 2 million.

The *Washington Post National Weekly*, a spinoff started in 1983, reached a circulation of 50,000, up 5.5% from 1984. Ad pages, however, "haven't attracted the level we expected we would have," Mr. Simmons says. Circulation, however, is larger than expected.

Newsweek saw the most changes in the past year. Its over-all revenue decreased 2% to $326 million in 1985, and it again led the newsweeklies in ad pages with 2,714 pages, according to Publishers Information Bureau. However, total pages decreased 9.8%, compared with competitor *Time's* 4.3% drop to 2,695 pages. Total ad revenues were $274.1 million for both 1985 and 1984 at *Newsweek*. Operating income rose 32% to $29 million in 1985. For the first quarter of 1986, *Newsweek* revenue rose 7%, while domestic ad pages were flat.

The magazine spent $1 million on its redesign unveiled in November. Since the redesign, Mr. Simmons says, newsstand sales increased 20%. Over-all ad sales remain down in the first quarter, but Mr. Simmons predicts, "When the year is over, I'll expect we'll lead everyone again."

Last July *Newsweek* announced it would sell ads based on audience rather than circulation. It's actually using both figures in its sales presentations, offering an audience of 16,887,000 readers and a circulation base of 3.05 million. Mr. Simmons says it will "take a while for advertisers to evaluate our new service."

Newsweek in January launched *Newsweek Japan*, a Japanese-language edition that is the magazine's first foreign-language edition. The magazine has a circulation of 120,000. The Japanese edition comes a year after *Newsweek* began a joint publishing venture with the *Bulletin*, the leading Australian newsweekly.

Newsweek this spring entered a joint venture with American Express, producing *Travel & Leisure Asia*, a monthly magazine with a circulation of 100,000. *Newsweek* is responsible for selling advertising.

In personnel moves, Gerard Smith last July was promoted to publisher of *Newsweek*, from associate publisher and senior vp. Before coming to the magazine two years ago, he was a senior vp and managing director, Ogilvy & Mather, Los Angeles. Stephen Smith became executive editor in January, from acting assistant managing editor, *Time*.

Newsweek has been test marketing "Newsweek on Health," a quarterly compilation of recent *Newsweek* articles on health and fitness.

The *International Herald Tribune*, Paris, one-third owned by the *Post*, this year began printing in Miami. The "Americas" edition has a 15,000 circulation in the Caribbean, North America and Latin America.

The Post's four tv stations saw operating income rise 14% to $58 million in 1985. Its Detroit, Hartford, Conn., and Jacksonville, Fla., stations each rank first in their markets; the Miami station is tied for first. In the first quarter of 1986, revenue rose 8%.

The Post last year pumped $71 million into a 20% stake in Cowles Media Co., a family-owned company that owns the *Minneapolis Star & Tribune*. Mr. Simmons says no further investment in Cowles is planned.

A sale to Times Mirror Co. of National Journal Co., another media company in which the Post has a 20% share, was pending at press time.

In nonmedia, the Post last year sold its cellular interests in the Northwest and will focus on the three systems in which it has a substantial interest. Its Washington-Baltimore cellular system, in which it has a 20% interest, will be profitable this year, Mr. Simmons says. The Post also has a 60% share in a Miami system, which may become operational this year. And it retains an 18% share in Detroit.

In late 1984, the Post purchased Stanley H. Kaplan Educational Centers. It also owns an electronic database publisher, Legi-Slate.

MEDIA PROPERTIES

Broadcasting

TV: WDIV, Detroit; WPLG, Miami; WFSB, Hartford, Conn.; WJXT, Jacksonville, Fla.

Cable/video

CHANNELS: SportsChannel Associates, Chicago; SportsChannel Associates, New York; SportsChannel Boston; SportsChannel New England; SportsChannel PRISM, Philadelphia.

SYSTEMS: MICHIGAN: Post-Newsweek Cable—Bloomfield Hills.

Magazines

Newsweek, Newsweek International, Newsweek Japan.

Newspapers (dailies)

DISTRICT OF COLUMBIA: *Washington Post*. WASHINGTON STATE: *Herald* (Everett).

Newspapers (nondailies)

DISTRICT OF COLUMBIA: *Washington Post* (weekly edition).

Other media operations

Washington Post Writers Group, Legi-Slate (electronic data publishing), Los Angeles Times-Washington Post News Service Inc. (50% owned), *International Herald Tribune* (33% owned), Cowles Media Co. (20% owned).

OTHER OPERATIONS

Robinson Terminal Warehouse Corp. (newsprint handling and storage), Bowater Mersey Paper Co. Ltd. (49% owned), Bear Island Paper Co. (33% owned), Celluiar Radiotelephone Systems (Washington and Baltimore, 20% owned; Detroit, 18% owned, Miami, 60% owned), Stanley H. Kaplan Educational Centers.

Westinghouse Electric Corp.

RANK 14

Pittsburgh

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	1,069	935	14.4
Total sales	10,700	10,265	4.2
Net income	605	536	13.0

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	539	495	9.0
Cable	530	490	8.2
Outdoor	—	—	—

Westinghouse Electric Corp., Pittsburgh, has exited the cable market in 1986 as a multiple system operator while becoming more involved on the television media side.

The 14th largest media company based on media revenues reached an agreement earlier this year to sell Group W, the country's third largest multiple system operator with 2.1 million basic subscribers. A consortium of companies is paying $2.1 billion for the mso.

Westinghouse is seeking to purchase KHJ-TV in Los Angeles from RKO General. The company agreed to the purchase in January, costing an estimated $313 million, but a federal judge subsequently ruled against the transfer of ownership of the station. Westinghouse remains confident it can gain ownership as soon as licensing problems are cleared up with the FCC.

Not included in the Group W sale are the cable systems Group W is building in the Chicago area. They will be completed and sold separately. The Group W sale is set for completion at midyear.

Westinghouse says it should realize $1.6 billion and book about $500 million from the sale of the cable company that accounted for about $535 million in revenues and slightly less than $34.7 million in operating profits.

The cable sale will not affect Westinghouse's operation of Home Team Sports pay-cable station, which has about 300,000 subscribers. Neither will it affect the marketing and distribution of the Oklahoma Publishing Co.'s 24.6 million-subscriber Nashville Network handled by Group W Satellite Communications.

The media portion of Westinghouse's Broadcasting & Cable segment generated $1 billion in revenues and an estimated $129.7 million in operating profits during 1985. These totals do not include Group W Productions, a program production company, and the only nonmedia activity of this business segment at Westinghouse.

Group W Productions, which produces "PM Magazine," "Hour Magazine," "Newsfeed Network," "He-Man and Masters of the Universe," "She-Ra: Princess of Power," "Every Second Counts," "Fat Albert and the Cosby Kids" and "Music of Your Life," generated an estimated $70 million in revenue and $9.02 million in operating profits.

Total revenues for Westinghouse Broadcasting & Cable for 1985 were $1.07 billion, up 8.6% from the $985 million in 1984, and operating profits totaled $138.7 million, up nearly 95% from the previous year.

At the same time, capital expenditures by the division have fallen sharply since 1983 when it spent $290 million. In 1984, it spent $234 million, or 19.3% less, and in 1985, it spent $155 million, down 33.8%.

Over-all, Westinghouse Electric Corp. reported revenues for 1985 up 4% to $10.7 billion and operating profits up 21.7% to $742.1 million. Net income rose 13% to $605.3 million.

Group W Cable will go to a group made up of Tele-Communications Inc., Time Inc. subsidiary American Television & Communications, Comcast Communications, Daniels Associates and Century Southwest Communications Corp.

Despite the apparently high price tag, analysts say the $1,050-per-subscriber sale actually may have been discounted because if the cable system had been broken into components and sold separately, those separate units would have brought in more money.

The sale was made even though Westinghouse was relatively happy with the cable system's performance in contributing to the 95% rise in operating profits Westinghouse Broadcasting & Cable experienced for the year. Group W Cable would contribute about $286.2 million in revenues to the company's performance in 1986.

Westinghouse says the sale was made because "the properties' true value was not and would not be fully reflected in the price of Westinghouse stock."

Shortly after the sale, Westinghouse

Buffett: On reinsurers and Coke

Berkshire Hathaway's (*Buffalo News*) contains a copyright on the "Chairman's Letter" from chairman, director and ceo Warren Buffett, who laments in one passage about the reinsurance business, one of Berkshire Hathaway's business lines: "The behavior of reinsurers finally becomes like that of Mark Twain's cat: Having once sat on a hot stove, it never did so again—but it never again sat on a cold stove, either." He closed the letter saying, "in an unprecedented display of behavioral flexibility" he had switched allegiance from an unnamed soft drink to Cherry Coke, heretofore the official beverage of the annual meeting

Broadcasting Cable president Daniel Ritchie said the decision, "really had nothing to do with the cable business, oddly enough, but it has to do with the stock market and valuation."

What was happening, he said, was that Westinghouse was growing undervalued and thus becoming a potential takeover target. In conjunction with the sale of the cable group, the company announced plans to buy back 25 million of its stock shares, paying for that with the proceeds of the sale.

Such a move increases the price of the stock and generally makes a takeover more difficult by putting that much more stock in the company's direct control.

"The differential between the stock market value and the underlying asset value of Westinghouse was becoming so great that it was becoming an uncomfortable situation," Mr. Ritchie said. Yet the divestiture of its cable operations did not signal a move out of broadcasting for Westinghouse.

Upon the close of this sale later this year, says Westinghouse chairman Douglas D. Danforth, the company intends to complete an extensive strategic restructuring of its businesses focusing on what the company perceives as key growth areas. "One such growth area is broadcasting, where Westinghouse has, from the birth of the industry, been a leading factor," he says.

In January, the company signed a definitive agreement to buy KHJ-TV in Los Angeles, the country's second largest market, from RKO General. However, late in April federal administrative law judge Edward J. Kuhlmann rejected the sale. In a strongly worded ruling, Mr. Kuhlmann said the sale would be "detrimental to the public interest."

The sale was part of a complex effort to allow RKO to sell the station by paying off a separate group called Fidelity Television, which had challenged its license. Fidelity consists of a number of prominent Southern California investors, among them the late Donna Reed.

The FCC has battled RKO over the company's qualifications to hold broadcast licenses. It ruled that RKO cannot dispose of its interest in KHJ-TV until the issue of its qualifications has been settled.

Linda Stern, a Westinghouse spokeswoman, says the ruling was not totally unexpected and the company's position is to take whatever steps it can to bring about a faster settlement, which it believes would be more beneficial to the public and all parties. The RKO-Fidelity litigation has been going on for nearly two decades, she says.

She says many lawyers agree that the FCC, particularly in light of new legislation expanding its powers, can take [illegible] such a case and it was a "fair [illegible]" the FCC would overrule the judge's recommendation.

The Westinghouse agreement requires an FCC order substantially approving the deal by Jan. 31, 1987, and final FCC approval by July 31, 1988. If neither of those deadlines is met, any party can cancel the agreement.

In other radio property buys, Westinghouse Broadcasting & Cable bought radio stations KMEO (am, fm) in Phoenix, Ariz., and sold WIND radio in Chicago. Its Group W Radio Inc. is buying KEZW in Denver for between $1.5 million and $2 million.

Nets outdistance tv advertisers

The networks spent the most ad dollars promoting themselves among tv segment advertisers listed by LNA, a service that monitors national advertising in seven media. No. 1 was CBS at $31.8 million, followed by ABC Tv Network, $29.8 million; NBC Tv Network, $27.9 million; Television Program Enterprises, $3.4 million; GenCorp's KHJ-TV (L.A.), $1.9 million; Tribune Co.'s KTLA (L.A.), $1.2 million; AMBA Marketing Systems's KCOP-TV (L.A.), $988,000; Lexington Broadcasting Tv Programing, $809,000; WABC-TV (N.Y.),

MEDIA PROPERTIES

Broadcasting

TV: KPIX, San Francisco; WJZ-TV, Baltimore; WBZ-TV, Boston; KYW-TV, Philadelphia; KDKA-TV, Pittsburgh.
RADIO: KEZW, Denver; KJQY (fm), San Diego; KFWB, Los Angeles; KOSI (fm), Denver; KQXT (fm), San Antonio, Tex.; WBZ, Boston; WINS, New York; KYW, Philadelphia; KDKA, Pittsburgh; KQZY (fm), Dallas; KODA (fm), Houston; KMEO (am, fm), Phoenix, Ariz.

Cable/video

CHANNELS: Markets and distributes Home Team Sports and The Nashville Network.

OTHER OPERATIONS

Group W Productions.

Winston Network

RANK **92**

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	105	95	11.0
Total sales	105	95	11.0
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Outdoor	105	95	11.0

Winston Network, an out-of-home media company, is compensating for an industrywide reduction in spending by tobacco companies by directing its sales tactics at nontraditional outdoor advertisers and expanding its outdoor capabilities by developing telephone poster coverage in New York.

Ranked the 92nd largest media company, the privately held concern's current volume compares with sales of only $5 million in 1976, says Marc Winston, president. Mr. Winston, 40, took over in 1978 as president from his father, Irwin, 75, now chairman.

Winston Network, based in New York, is the fourth or fifth largest competitor in the $1.5 billion out-of-home media industry. In total revenues, Winston follows Foster & Kleiser, Gannett Outdoor, 3M National Advertising, in that order, and perhaps privately held Naegele.

Unlike many out-of-home companies, Winston Network has a full range of out-of-home media, such as painted bulletins, 30-sheet posters, eight-sheet posters and smaller media. Its production formats in 30 locations nationwide covering 60 markets include 25,000 commuter posters, 11,000 eight-sheet posters, 1,250 30-sheet panels and 250 painted bulletins.

Operations also include posters and interior cards on 20,000 buses, 2,000 taxis and 500 bus shelters. In 1986, the company began adding 4,000 telephone posters in New York on a 10-year permit.

Winston Network provides analytical tools to help advertisers select combinations of out-of-home media. Its MAPPING system (Marketing Analysis of Predictable Patterns of Intra-Neighborhood Geo-demographics) helps pinpoint market segments based on syndicated information and other sources.

MAPPING generates a rating index based on known buying habits, and a computer plotter creates a block-by-block map of each target group in a market. Coupled with information on transportation patterns, advertisers are able to fine-tune media plans.

Winston Network's MAPPING system and its diverse media options are helping the company target potential advertisers in the package goods, retail and healthcare categories, Mr. Winston says. Falling revenues from tobacco and liquor companies in the past few years have forced out-of-home media companies to become more aggressive, he says.

"This industry has gotten so fat on cigaret and liquor [advertising] that it has forgotten how to sell," he says. Winston Network gained about 25% of

in 1986. Media companies accounted for about 19% of 1985 sales. Entertainment and package goods categories accounted for 5% to 6% each, with the latter being a growth category, he says.

Acquisitions have played a role in Winston Network's ability to attract new advertisers. In February, 1985, Winston Network acquired Independent Outdoor for an undisclosed sum, one of the nation's largest eight-sheet networks with 6,500 posters throughout Southern California.

The acquisition was important because eight-sheets provide access to minority groups and other segmented markets in urban areas, Mr. Winston says. And because urban zoning laws are making it more difficult to erect bulletins and 30-sheet sizes, eight-sheets increasingly are viable options. Winston Network is plowing 35% to 40% of its annual revenues into building eight-sheet and other size poster plants in all of its markets.

Another factor favoring eight-sheet and other posters is that media combinations are needed for general coverage and segmented campaigns in all markets. An example is Los Angeles, out-of-home's most competitive market, where Winston Network is a niche player with about $15 million in bus fleet and eight-sheet revenues in 1985, compared with Foster & Kleiser's and Gannett's estimated $45 million each in 1985 revenues from 30-sheet and painted bulletins.

Winston Network is stronger in other markets, such as New York, where it dominates with about $30 million in 1985 revenues from 25,000 posters. Chicago is its third biggest market with about $7 million in commuter, bus fleet and terminal advertising, followed by San Francisco and Washington, with $5 million to $6 million each in 1985 revenues.

Winston Network also is known as an innovator among out-of-home media companies. One example is its "Streetfare Journal," introduced in seven cities early in 1985, covering themed topics such as weddings, swimsuits and the arts. "Streetfare Journal" entices commuters to read bus cards.

Winston Network also reorganized its management team in fall, 1985, naming three senior vps to oversee three new regions, including: Don Foley, West; John Mikovich, Midwest, and Burt Miller, East. Other top management appointments include Craig Heard senior vp-general manager; Angelo Schifano, senior vp-outdoor advertising, and Larry Silverman, vp-marketing.

With the financial success and growing sophistication of Winston Network, Mr. Winston says his next goal is to make it a diversified media company.

"We will be looking at radio and possibly tv and newspapers to eventually [follow the example of Metromedia chairman] John Kluge or Carl Eller," Mr. Winston says. "We understand media and marketing."

MEDIA PROPERTIES

Winston Outdoor Advertising.

Ziff Communications

RANK **80**

New York

($ in millions)

Corp. returns	1985	1984	% chg
Media sales	125	115	8.7
Total sales	125	115	8.7
Net income	N/A	N/A	N/A

Sales by media	1985	1984	% chg
Newspaper	—	—	—
Magazine	125	115	8.7
Broadcast	—	—	—
Cable	—	—	—
Outdoor	—	—	—

Ziff Communications Co., New York, which devoted itself to divestitures rather than acquisitions the past few years, scored one of the few suc-

the first full year of operations.

PC Week is among six computer magazines and electronic information service subscriptions comprising media at Ziff, the nation's 80th largest media company.

The company's six computer magazines netted $97.8 million in gross advertising revenues, with the largest gains (260%) and greatest number of total advertising revenues ($36.5 million), coming from *PC Week*, according to Sheila Clarke, vp-marketing at Adscope Inc., Goldendale, Wash.

Ziff took a respite this year from its reductionist tendencies. Several years ago, company revenues hovered near $500 million. But it since has sold its tv stations for $100 million, 24 consumer and trade publications for a combined price of $712.5 million, folding or sold computer magazines, and scaled back its electronic-information offerings. Owner of the closely held, family-owned company, William Ziff, has been quoted: "We've reached the end of the line. There will be no additional sales of properties," a company spokesperson says.

Ziff continues to look into new ventures, but "nothing is imminent," says Baird Davis, vp-production, purchasing and circulation at Ziff Communications. Last November, the *Wall Street Journal* reported Mr. Ziff plans to expand the company, though no direction or activities were cited.

The current scaled-down version of Ziff Communications consists of six computer publications in both the consumer and trade areas, a real estate publication that caters to affluent markets, a publishing subsidiary that puts out college directories for various schools and five electronic information services.

The five services fall under the Ziff-Davis Technical Information Unit. Total subscriber count for all five is 4,744.

Ziff folded *Creative Computing*, a monthly consumer magazine, with its December, 1985, issue, apparently as a result of segmentation and a heavier business orientation in the microcomputer market. Creative Computing, with a circulation of 375,000, had addressed those interested in computer applications in various areas, such as art, music, education and games. But last year alone, the magazine lost more than $4 million in advertising over the previous year, according to Adscope.

The company also abandoned a new venture in the computer magazine field last year when it discontinued publication of "Computer Industry Daily" several months after introduction. The ad-free daily newsletter was to have also appeared in electronic magazine format.

Last March, Ziff Communications sold three trade publications to Lakewood Publications, Minneapolis, for an undisclosed price. Publishing offices for *Photomethods* (circulation 53,000), *Photo/Design* (circulation 28,000) and *International Television* (circulation 26,000), remain in New York.

In November, Ziff sold the assets of its Data Decision unit, which included computer magazine *Data Decision*, to McGraw-Hill Inc., New York, for a price reported to be less than $25 million, which a Ziff spokesman discredited as too high a break-off point.

These sales followed the 1984 sale of 12 consumer magazines to CBS Inc. for $362.5 million, which was finalized Feb. 4, 1985. This sale, which analysts said was the highest price ever paid for a group of specialty publications, included such titles as *Car & Driver, Modern Bride, Popular Photography, Stereo Review* and various sporting magazines such as *Runner, Boating, Cycle, Skiing* and *Flying*.

Close on the heels of the sale to CBS was the purchase by Rupert Murdoch's News America Corp. of Ziff's 12 trade titles for $350 million. The deal marks News America's first venture into the trade publication field and includes such travel and aviation titles as *Travel Weekly, Hotel & Travel Index,*

Rumors continued to fly with reports of the pending sale of the Financial Information Services Group, part of the Strategic Information Inc. subsidiary of Ziff Communications. The group provides applications software and information services to financial institutions.

Ziff has been fighting a suit filed by CBS against Ziff-Davis Publishing and its independent auditor, Touche Ross & Co., over what CBS claimed were overstated earnings of the 12 consumer magazines CBS purchased. Although New York state supreme court Justice Martin Evans dismissed CBS' claims of fraud and misrepresentation on the part of Ziff, the court let stand other CBS charges, including breach of contract. A Ziff spokesperson, satisfied with the dismissal of the most serious charges against the company, referred to the matter as "past history."

In other court matters, consumer advocate Ralph Nader accepted a $20,000 settlement from Ziff-Davis in November from a libel litigation he had brought against *Car & Driver* magazine, which Ziff-Davis Publishing had owned at the time of the suit.

The highly publicized appointment of David C. Cole, former software executive from Ashton-Tate Inc., to the position of president-chief operating officer, Ziff Communications, ended with Mr. Cole's resignation in January, 1986.

Ziff Communication's entry into the growing field of advertising expensive homes to affluent readers, *Unique Homes*, now boasts a circulation of 77,845, of which 44,645 are subscribers of the every-other-monthly publication. Time Inc. launched a competitor, *New York/New Jersey/Connecticut Real Estate* on April 21, 1986. It joins other titles such as *Manhattan Living* from MKL Ltd., *Homes International & Previews* from Sears, Roebuck & Co.'s Coldwell Banker unit and Merrill Lynch's *Fine Homes*.

Unique Homes' cachet in this field is its acceptance of property listings from all companies, unlike its agency-associated competitors, from which it also accepts and carries property advertising. *Unique Homes* also is the only audited book in the genre.

Priority of the real estate book is to pursue the home furnishings market, says the company. The publisher has hired three rep companies. There are also long-term plans to enhance circulation to 100,000.

All the remaining Ziff magazines are computer-oriented. The entire computer magazine package contributed close to $94 million in ad revenues. The Ziff magazine stable is promoted via direct mail and in trade and consumer magazines.

One additional source of revenue is the company's University Communications Inc. subsidiary in Rahway, N.J., which publishes a directory of classes for various colleges and which functions as an advertising vehicle.

MEDIA PROPERTIES

Magazines

A+ Data Sources, Digital Review, PC, PC Week, PC Tech Journal, Unique Homes.

Other media Operations

Computer Intelligence (La Jolla, Cal.); Information Access Co. (Belmont, Cal.); Information Marketing International (IMI, Oak Park, Mich.); Management Contents (Northbrook, Ill.); Strategic Information (Boston).

OTHER OPERATIONS

University Communications (college information service, Rahway, N.J.).

Coming

ADVERTISING AGE's Special Report will take a one-week hiatus; however, the July 7 issue will include a special feature on World Brands to be presented in the International section. The Special Report will return to the July 14 issue and will focus on Travel and Tourism.

AdWatch

(Continued from Page 4)

30 days. In May, 1,000 adults were questioned by telephone. Under adWatch methodology, an increase or decrease of 2.8 percentage points is considered statistically significant and attributable to more than sample variation.

In springtime, a working stiff's fancy turns to vacation.

That was evident in the May adWatch figures, which showed some shuffling among the ad awareness leaders in the airline and credit card categories.

Among airlines, advertising for Eastern gained 3.6 awareness percentage points, boosting its score to 11.8% of first mentions, good for the third position among air carriers.

Trans World Airlines' advertising lost 7.6 points of top-of-mind awareness, falling to fourth place from first place in April with 10.1% of first mentions.

Eastern scored points with a campaign themed "There's no face like home," designed to encourage domestic travel. The spots pitch lower domestic fares and fly/drive packages.

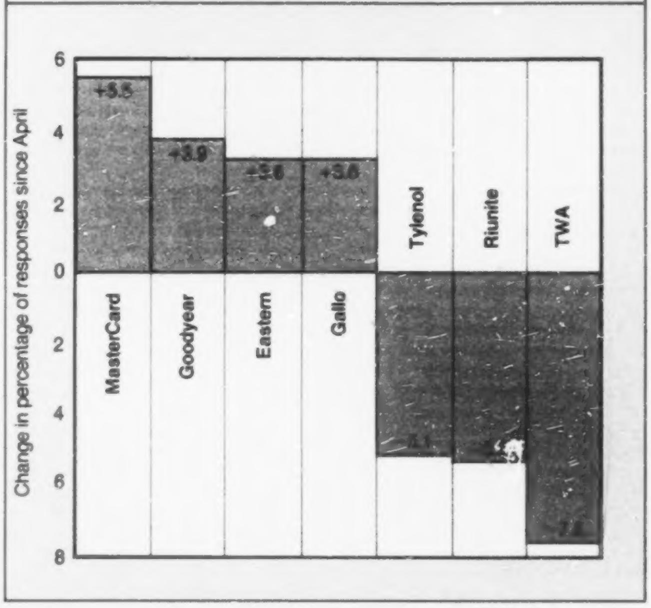
TWA lost share of top-of-mind awareness when it virtually eliminated tv commercials in April and May while reviewing its account, then at Ogilvy & Mather, New York.

Winning ads from Young & Rubicam, themed "Today's TWA—Find out how good we really are," broke May 19, too late to affect TWA's May adWatch score.

In May, 14.4% of consumers named United's advertising as the first that came to mind for that industry, good enough for the No. 1 spot. American was No. 2 with 13%.

May winners and losers

Question: Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? Note: A change of plus or minus 2.8 percentage points is statistically significant. ***Source: SRI Research Center Inc., Lincoln, Neb.***



Consumers interested in financing their vacations in May got an eyeful of a new MasterCard campaign touting the value and benefit of credit cards rather than the card's status. MasterCard's share of first mentions rose 5.5 points to 25.5%.

Advertising for Visa remained tops in consumers' minds, garnering 32.1% of the first mentions, rising slightly from a month earlier.

American Express was third with 12.9%.

The top 10 best recalled ads in May were, in descending order: Coca-Cola, Pepsi-Cola, McDonald's, Miller/Miller Lite, Budweiser/Bud Light (Anheuser-Busch), Ford, Chevrolet, K mart, Burger King and Coors beer.

In other news from the May adWatch survey:

- For the third month, the normally volatile **soft-drink** category is silent, though the spread between Coca-Cola and Pepsi-Cola's share of first mentions is widening. In May, Coke garnered 36.4% of first mentions, up slightly from April, and Pepsi scored 29.7% of first mentions, down slightly from April.

Advertising for Pepsi's Slice juice-added drink moved into the No. 3 position with 2.7% of first mentions while 7UP's advertising fell to fourth with 2.5% of first mentions.

- Joining soft drinks as a stagnant advertising awareness category is **fast-food**, where the battle for first mentions is as tough as competition at the cash register. McDonald's advertising scored 46.6%, up slightly over its April score, while Burger King's ad awareness score remained flat at 12.4%.

Look for BK's ad score to get a boost from "This is a Burger King town," a new campaign that broke in May.

- Tylenol's share of first mentions dropped 5.1 points in the **medicine & drug** category. That may reflect the cessation of the heavy media weights that backed Johnson & Johnson's introduction of Tylenol caplets. Tylenol's 31.9% share of first mentions in May is still 10.3 points higher than the 21.6% the brand's advertising scored in the January survey before the cyanide poisoning incident.

Glenbrook Labs' Bayer and Whitehall Laboratories' Advil tied for the No. 2 spot with 6.8% of first mentions.#

For more information or data, contact Gary Gabelhouse, SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

Coen

(Continued from Page 6)

in 1985 U.S. spending, and certainly much lower than the 15.8% increase recorded in 1984, an Olympics and presidential election year.

In 1986, first-quarter ad spending was "about as expected, but there are growing indications of softness during the second quarter and considerable uncertainty about how the last two quarters of the year will finally turn out," said Mr. Coen.

Network tv ad revenues in the first quarter were up only 4%. Spot tv, up 12% was "surprisingly strong," though "there is reason to expect that it will not last throughout the rest of 1986," said Mr. Coen. He predicted that network spending would be up 4% in 1986 and 6% next year.

As for magazines, lack of growth in the transportation, tobacco and technology categories led to first-quarter flatness in pages and a 6% increase in revenues. National ad revenues in newspapers were up 1.3%.

While "national marketers are obviously guarding their budgets and spending cautiously," said Mr. Coen, local ad budgets were growing at a "better pace."

In the first quarter, local ad revenues in newspapers were up 4.1%, local tv revenues were ahead 13% and local radio revenues were up 8.1%. "Above-average growth in the broadcast media is expected to offset some of the sluggishness that has been occurring in the newspaper sector," said Mr. Coen, "and during 1986 the total local budgets for all media should rise considerably more than those of the na-

B/PAA gets push on creativity, risk

'Uncertainty can be opportunity'

By LISA E. PHILLIPS

BOSTON—Business-to-business advertisers attending the Business/Professional Advertising Assn.'s 64th annual conference here were urged to embrace strong creative concepts to make product advertising stand out.

"Good ads are directly related to a good concept, not to company logos, tag lines or design of the ad itself," said Don Just, president of Martin Agency, Richmond, Va.

Although good advertising, by definition, is risky, he said, uncertainty should be an advertiser's opportunity.

Mr. Just listed several factors that go into making good business-to-business ads, including: Projecting the personality of the product and the company; speaking to prospects as people first, not as clients; supporting a company's sales force but not presuming to substitute for it; being interesting, memorable and conversational, and generating enthusiasm, empathy and awareness for the company and the product.

According to a study made public at the conference, held June 15 to 18, business-to-business advertisers last year spent $93.6 billion in the U.S. alone.

The study, compiled from 300 sources, was the work of *Business Marketing*, a publication of Crain Communications Inc., which also publishes ADVERTISING AGE. The study tracked spending on advertising, direct marketing, trade shows, sales promotion, sales-force management, incentives and other promotional areas.

Of those categories, *BM* estimates that business marketers spent $30.8 billion on direct marketing, $21 billion on trade show promotions and $15 billion on sales incentives.

Also at the conference, Daniel Bellack, principal at Tycer-Fultz-Bellack, Palo Alto, Cal., was elected B/PAA's 1986-87 chairman, from first vp. He succeeds Frank Compton, president of Sawyer, Riley, Compton, Gainesville, Ga., who had served as B/PAA president.

Effective with this election, the title of B/PAA's chief elected officer becomes chairman, rather than president.

David Green, assistant to the chairman of PPG Industries, Pittsburgh, and a past international president of B/PAA, received the 1986 G.D. Crain Jr. Award, named for the founder of Crain Communications.#

DuBARRY-FIFTH AVENUE
Manufacturer of Jewelry
Premium Programs
Toll FREE 1-800-222-1233
in Florida 305/475-2700
Supplier to Nestles

1887-1987
CENTENNIAL CELEBRATION

100 Years Old
And Still Scoring!

For more than 32 million Americans, softball is "America's Game". Corporate sponsorship opportunities of Amateur Softball Association programs during softball's Centennial Celebration Year will tie into the active market of softball players and supporters. Produce hits and score big with exposure through the Amateur Softball Association's availabilities.

* ASA Publications
* Tournaments
* Special Events
* Merchandise
* And More

For more information contact:
Don Porter, Executive Director
(405) 424-5266
Amateur Softball Association
2801 NE 50th Street
Oklahoma City, OK 73111

America's Game
Softball

NO. 5 IN A SERIES

"Any actuarial chart would tell you that with five [Supreme Court] justices over 75 years old, there is likely to be, well, some turnover during Reagan's second term…All logic points to Antonin Scalia now [to be the first new justice appointed]. He is a fierce proponent of judicial restraint and he may have improved his standing inside the administration with his anti-press dissent in a libel case recently. A Scalia nomination makes political sense. 'What a symbol,' a White House official exclaims. 'Nino would be the first Italian-American on the Court. He's got nine kids. He's a brilliant conservative. What more could you want?'"

Time, June '86?
Newsweek, June '86?

No, The New Republic, June 10, '85.

The New Republic is more than just America's foremost magazine of political opinion and the arts. Every week we bring fresh perspective to a wide range of topics–often revealing today what tomorrow's headlines will be.

As a result, we attract America's top decision-makers and opinion leaders. Find out more about how you can advertise to a readership with influence where it counts. Call (202) 331-7494 for a media kit and a copy of this week's issue.

THE NEW REPUBLIC

THE NEW REPUBLIC
THE DEBT HOAX

Losses

(Continued from Page 1)

W-L management in each country.

• RJR Nabisco, Winston-Salem, N.C., pulled $96 million from Bates' William Esty Co. unit and another $32 million from Doyle Dane Bernbach. RJR was one of Esty's initial accounts 54 years ago.

• General Foods pulled from Bates two coffee brands, Maxim and Mellow Roast. Neither had been supported recently, making the loss less costly, but it was another not-so-subtle hint that the integrity of the conflict policy will be maintained. Saatchi & Saatchi Compton Worldwide handles Procter & Gamble's High Point decaffeinated coffees.

Maxim was assigned to Ogilvy & Mather, which handles other Maxwell House brands. Mellow Roast was not assigned.

The biggest winner in this record-setting round of account changes during the last two months is an agency that has remained a spectator rather than a participant in the new merger game. Young & Rubicam, New York, pushed out of the No. 1 spot to No. 3 by Saatchi and Omnicom, has realized a net gain of $254 million in business since those mergers were announced.

Meanwhile, the two agencies involved in the biggest acquisition and merger deals in ad-agency history have fared dismally. The Saatchi group has sustained a net loss of $255 million, mainly because its clients have refused to accept conflicts despite Saatchi's parallel agency structure. And the three Omnicom agencies have taken a net loss of $117 million, for much the same reason.

Besides W-L and RJR Nabisco, other advertisers that have sent a stern no-conflict message to their agencies by reassigning their business include Mars, Colgate-Palmolive and Procter & Gamble (AA, June 9). P&G accurately forecast—if it didn't inspire—the reaction when its vp-advertising, Robert Goldstein, said of the megamergers, "The client chapter has yet to come" (AA, May 26).

Events of the last few weeks raise the question of the advisability of growth through merger and acquisition, a strategy Y&R president-ceo Alex Kroll eschewed in an internal memo. Although he does not rule out acquisitions altogether, he said Y&R seeks "organic growth, in which the integrity of the company remains intact, its values and mission recognizable."

In the memo sent June 2 to office managers, he stated, "Advertising thrives on differentiation and our competitors have handed us a wonderful difference. So it may be said that the recent mergers have put Y&R in a class by itself. We have won major global accounts and significant local ones at a rate faster than any other company."

The two marketers rearranging their assignments this week both officially cited "consolidation" as the reason for their moves. Nonetheless, Bates expressed "shock" that W-L ended its long-term relationship.

Agency executives surmised that the conflicts, paired with a relatively new W-L management that has been cutting costs, sparked the decision. Bates conceded that the loss of the RJR Nabisco business did not come as a complete surprise, but denied the move was conflict-related.

> "Advertising thrives on differentiation, and our competitors have handed us a wonderful difference."
>
> —*Alex Kroll, Y&R president-ceo*

Among the brands pulled from Esty were Salem cigarets, an estimated $50 million account, which moved to FCB/Leber Katz Partners. LKP, recently acquired by Foote, Cone & Belding, has been a Reynolds agency for some time. FCB/LKP also got an estimated $6 million in Nabisco business, including Milk Bone and Butcher Bones dog biscuits, from Esty. And it got Nabisco's hot and cold cereal business and Royal desserts from DDB, worth an estimated $22 million. Another $10 million in Blue Bonnet and Fleischmann margarine and Fleischmann Egg Beaters business has been moved from DDB to Tatham-Laird & Kudner, Chicago, sparking that agency's resignation of the $12 million butter account of the National Dairy Promotion & Research Board, Rosslyn, Va.

FCB/Leber Katz Partners, however, lost two RJR cigarets, Now and More, billing an estimated $22 million and $25 million, respectively, to Y&R. Y&R, despite the loss of responsibility for RJR Nabisco's network buying to in-house RJR Nabisco Broadcast earlier this year, has been on a roll with Reynolds for the past 16 months. Y&R picked up several liquor brands from its Heublein unit during last year's RJR agency shakeup, and last week added its first domestic cigaret business since it lost Liggett & Myers in 1970.

DFS-Dorland Worldwide, already a major Nabisco agency, picked up an estimated $31.8 million in Nabisco cookie business, including the Oreo and Newtons lines, from Esty; McCann-Erickson got Nabisco's Premium Saltines and Ritz crackers from Esty. When combined with the Nabisco snack-cracker business acquired with the purchase of Ohlmeyer Advertising *(see story, Page 8)*, McCann gained an estimated $30 million in new RJR Nabisco business.

TLK also picked up another $8.7 million from the company with Hawaiian Punch drinks, which was moved from DYR, Los Angeles. That brings its Nabisco new-business total to $19 million. And Bozell, Jacobs, Kenyon & Eckhardt got an estimated $2 million in billings for Nabisco Confections, including Junior Mints. It had been working on other Nabisco candy business.

The $30 million package W-L presented to Y&R includes Rolaids antacid ($12 million), Efferdent denture cleanser ($8 million), Mediquell cough squares ($10 million) and Remegel antacid, a minor brand with about $100,000 in ad spending last year. That business joins Y&R's existing $21 million in W-L billings that include Dentyne gum ($11 million) and Certs mints ($10 million).

JWT received Trident sugarless gum ($16 million), Bubblicious bubble gum ($3 million), Halls cough drops ($8 million), Listermint mouthwash ($8 million) and Suplical calcium supplements ($3 million). Before the reassignment, W-L had about $62 million in billings at JWT, including Listerine mouthwash ($16 million), Schick razors ($7 million), Sinutab sinus remedy ($8 million) and Clorets mints ($7 million).

> The evaluation at RJR Nabisco that led to the shakeup was under way "long before" Bates went to Saatchi.
>
> —*sources close to Reynolds*

Rumors were circulating for several days that Melvin Goodes, W-L president-ceo, was upset about the conflict created by the Bates acquisition by Saatchi, since Saatchi's DFS-Dorland handles RJR Nabisco's Bubble Yum bubblegum, Life Savers candies and Care*Free sugarless gum.

A W-L spokesman conceded that "conflict was a concern" but would not elaborate beyond a basic statement about the realignment. Unlike other major package-goods companies that have faced conflicts in the past, W-L had not and therefore its reaction could not be predicted.

Ironically, just days before W-L dropped Bates, chairman Joseph Williams was on the dais at a B'nai B'rith dinner in Manhattan honoring Bates chairman Robert Jacoby as its advertising man of the year.

W-L's Mr. Williams delivered several jokes about the Bates chairman in a speech more appropriate for a roast than an awards dinner. Mr. Williams jokingly apologized to the American people for the W-L campaigns Bates created over the years. He kidded that, had W-L known that Mr. Jacoby's agency would develop slogans so insulting to people's intelligence, the company never would have launched the products.

He also joked that Mr. Jacoby had helped destroy the foundation of American education by convincing people that the word "relief" is really spelled "R-o-l-a-i-d-s." "To which Mr. Jacoby replied," said Mr. Williams, "at least we got the first letter right."

The evaluation at RJR Nabisco that led to the shakeup was under way "long before" Bates agreed to come under the Saatchi umbrella, according to sources close to Reynolds.

Those sources believe the mega-client simply was dissatisfied with Esty's performance, especially on the estimated $50 million Salem cigaret account. Salem, although firmly ensconsed in the only growing segment of the cigaret market (females), has lost nearly a share point between 1982 and 1985, when its share stood at 7.9% of all cigarets sold in the U.S., according to John C. Maxwell Jr., tobacco industry analyst with Furman Selz Mager Dietz & Birney, New York. A share point for a branded cigaret is worth an estimated $200 million in annual sales.

A year ago, RJR's relationships with both Esty and Bates had soured to the point that RJR pulled Winston, its flagship brand with about $60 million in billings, from Esty, and Sterling, a relatively new brand that had been spending at the $40 million level during its 1984 introduction, from Bates. Winston, which had been America's No. 1-selling smoke from 1966 through 1974, went to McCann-Erickson, which had been handling Camel for RJR. Sterling went to TLK in Chicago, a relatively new Reynolds cigaret shop that had handled the highly successful introduction of RJR's Century brand family. Compounding matters, General Foods, a Bates client, was acquired by RJR archrival Philip Morris last fall.

Nabisco's withdrawal of some $32 million out of DDB is believed to be a direct reaction to that agency's merger with Needham Harper Worldwide and teaming with BBDO. Needham is a major agency of Kraft, handling, among other products, Parkay margarine, a direct competitor of Blue Bonnet and Fleischmann's. It is also a major General Mills agency, handling, among other brands, Wheaties cereal. Nabisco's Shredded Wheat is a direct competitor.

A spokesman for DDB said the agency was not "totally surprised" by the Nabisco move, but he added that when they entered into the merger, it was hoped that some arrangement could be worked out.

The three biggest losses at Bates—Colgate, W-L and RJR—are remarkable in that all three had been at the agency or its Esty subsidiary for more than 30 years.

Other names—Maybelline cosmetics and Eveready/Energizer batteries—have joined the list of clients that may be shaky at these shops. Maybelline president David Brittain called the Maybelline reports "absolutely untrue."

General Mills, Minneapolis, is staying put, sources say, although the food company is exerting "silent" pressure on its shops to drop conflicting clients, including Pillsbury, P&G and Quaker Oats.

Plough Inc.'s Maybelline eye and nailcare lines, billing more than $20 million, are handled by Bates; Eveready/Energizer, which officially becomes part of Ralston Purina Co. today, uses Esty for its $25 million business.

Ralston sources say the company is holding a creative competition for the account, something it does periodically with all its accounts. "We're not necessarily looking for a new agency, though," the source added.

Bates recently lost on one such competition, handing over the $9 million Continental Baking Co.'s Wonder bread account to TLK after the company's acquisition by Ralston. Bates kept the $12 million Hostess snack cake and Home Pride bread portion of the account (AA, May 12).

Part of General Mills' $50 million in Needham billings had conflicted with Nabisco's estimated $25 million in DDB billings that just moved to FCB/Leber Katz Partners. But General Mills still is worried about its $80 million in Big G cereal billings at DFS-Dorland, which conflict with cousin Saatchi & Saatchi Compton's $40 million in P&G Duncan Hines billings.

Although the company hasn't set any deadlines, a spokesman noted that conflicts cannot continue for long.#

Contributing to this story were Paul L. Edwards, Nancy Giges, William F. Gloede, Pat Sloan and Patricia Winters in New York and Julie Franz in Chicago.

Coast

(Continued from Page 2)

Distribution Co., will have separate marketing departments. WRG/West president Larry Olshan said he is confident the agency will keep the MGM business and be given a fair shot at the UA account.

Gregory Morrison, recently promoted to exec vp-marketing, MGM, has ties with WRG, having worked with the agency since he joined the studio in 1980. UA is a different story. Andrew Fogelson, a former independent producer and Warner Bros. executive, joined UA in January as president/worldwide marketing. Observers think it's certain UA will open its business up for review. Mr. Fogelson was unavailable for comment.

Winchell's Donut Houses, La Mirada, Cal., has named Tom Anderson as vp-marketing, a vacant post that senior vp-marketing and planning John Hatch assumed temporarily. Mr. Anderson, formerly director of promotions, Taco Bell Corp., Irvine, Cal., hasn't yet been replaced at the PepsiCo division. His appointment follows Winchell's decision to shift its $6 million account from Foote, Cone & Belding to McCann-Erickson, both based in Los Angeles (AA, May 26).

Golden State Warriors, Oakland, Cal., a National Basketball Assn. franchise, assigned its $200,000 direct-marketing account to Lewis & Partners, San Francisco, its first agency, following a review. Grey Direct, Jamison & Associates, both San Francisco, and RAHM, Oakland, also competed.

Ketchum Advertising/Los Angeles has hired Brandt Irvine, formerly a senior writer with Doyle Dane Bernbach, Los Angeles, as vp-associate creative director, a new post.

California State Lottery Commission, Sacramento, starts new tv commercials in key markets for its latest instant game, "The Good Life," around the same theme this week. Separately, the commission will evaluate all advertising, marketing and public relations at its July 9 meeting. Needham Harper Worldwide, Los Angeles, which will become Rubin, Postaer & Associates July 1 (AA, May 12), handles the $24 million account.#

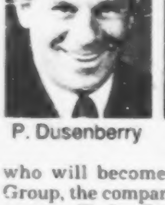
BBDO promotes two

New York—Phil Dusenberry has been elected chairman and Tom Clark ceo of Batten, Barton, Durstine & Osborn. Both also were elected vice-chairmen of BBDO Worldwide.

The new titles are an outgrowth of the merger earlier this year of BBDO International, Doyle Dane Bernbach Group and Needham Harper Worldwide.

Mr. Dusenberry, formerly vice-chairman and executive creative director, will continue to head the creative department, under the new title of chief creative director. Mr. Clark continues as president-chief operating officer.

The titles of chairman and ceo were held by Allen Rosenshine, who will become ceo, Omnicom Group, the company formed by the merger. Under Omnicom, two networks will operate independently, BBDO Worldwide—the new name for BBDO International—and DDB Needham Worldwide.#

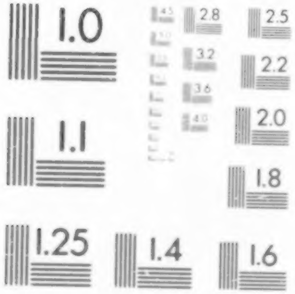


P. Dusenberry

T. Clark

0
10
20
30
40
50
60
70
80
90
100
110
120
MILLIMETERS

MICROCOPY RESOLUTION TEST CHART
NBS 1010a
(ANSI and ISO TEST CHART No. 2)


1.0
4.5
5.0
2.8
2.5
3.2
2.2
3.6
4.0
2.0
1.1
1.8
1.25
1.4
1.6

PHOTOGRAPHIC SCIENCES CORPORATION
770 BASKET ROAD
P.O. BOX 338
WEBSTER, NEW YORK 14580
(716) 265-1600

26:1

CIS
Congressional Information Service Inc
Washington D.C.

NOTE

ONLY THE FOLLOWING PAGES OF THIS
PUBLICATION HAVE BEEN FILMED

Cov. 1, p. 2, S4-S16, 46,
54.